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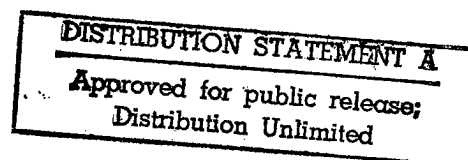


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# ***JPRS Report***

## **East Europe**

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# East Europe

JPRS-EER-88-001

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## HUNGARY

### **Soviet View of Berlin Wall as 'Defensive' Cited**

25000043c Budapest NEPSZAVA in Hungarian  
15 Oct 87 p 2

[Text] There have recently been reports in the West German press the authors of which, distorting the words of one of the people of the permanent Geneva representation of the Soviet Union, have written that the "Berlin Wall" may soon disappear. On Wednesday the diplomatic correspondent of TASS asked Gennadiy Gerasimov, chief of the information department of the Soviet Foreign Ministry, to describe the Soviet position connected with the question.

Gerasimov recalled that until 13 August 1961 the border between the GDR and West Berlin was open and this was exploited for subversive activity against the socialist German state and its eastern neighbors. Thereafter the GDR established defensive arrangements on the border and this step was in perfect accord with international norms and it violated the rights of no one. On the contrary, it substantially eased the tension which had developed around West Berlin and helped the four powers to sign the 1971 agreement about the status of West Berlin.

8984

### **Morning to Midnight 'Soviet Television Day'**

25000043b Budapest MAGYAR NEMZET in Hungarian  
14 Oct 87 p 14

[Text] Hungarian Television will present a day of Soviet television on Saturday, 17 October. In the morning, in a program lasting from early morning to midnight, one can see a 30 minute taste of a morning magazine recently introduced on Soviet television, one and a half hours of entertainment, a political magazine, programs of the youth editors there and an episode from "The World of Animals."

In the afternoon—in a documentary film titled "How Are You, What Are You Doing, What Are Your Plans?"—famous personalities of Soviet cultural life will speak about their work and plans, permitting a glimpse of productions being prepared as well. After the afternoon TV news will be "Television Bridge" in which guests of the Moscow and Budapest studios will talk and debate about their everyday problems. Viewers may also see a compilation of about one and a half hours from another television bridge—a two-hour conversation recently organized among leading personalities of Soviet and American legislation. The theme of the debate program organized jointly by the American ABC television company and Soviet Television was arms limitation, the military balance and new types of foreign policy thinking.

In the evening they will broadcast a television version of Tolstoy's "Kreutzer Sonata," a new Hungarian production directed by Eva Zsurzs. On the same day television will present the rock opera of Voznyesenskiy and Ribnyikov shown in 1982, "Juno and Avost."

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### **Expanding Higher Education Cooperation With Soviets**

25000043a Budapest NEPSZABADSAG in Hungarian  
22 Oct 87 p 5

[Text] The third Hungarian-Soviet rectors' conference ended on Wednesday. At the two-day meeting—at which members of the Soviet higher education delegation and leaders of Soviet universities and colleges visiting our country and the rectors of domestic institutions participated—the experts exchanged ideas about timely questions of higher education and about the possibilities for further expanding contacts between the universities and colleges of the two countries.

Evaluating the significance of the conference deputy minister of culture Gyula Csikai said among other things: "Especially important for us are those possibilities which the Soviet partner can offer in special professional training, primarily in specialties for which there are no educational possibilities in Hungary. So far more than 6,000 Hungarian students have graduated in the Soviet Union; they include flight engineers, experts dealing with medical instrument manufacture and nuclear energy and hygienic physicians."

The present Hungarian-Soviet rectors' conference was given special significance by the fact that processes are taking place in both countries which affect the content and organization of training in higher education—as a function of the transformation of and changes in society and the economy. The problems and aspirations are common ones in a number of areas. For example, the unity of education, research and production has come to the fore in the work of the institutions of higher education, and the universities and colleges are striving for closer contacts with enterprises, with the national economy, from the viewpoint of both training and immediate use.

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## ROMANIA

### **Contradictions in Developing, Perfecting Socialism**

27000005a Bucharest ERA SOCIALISTA in Romanian  
No 16, 30 Aug 87; No 17, 10 Sep 87

[Article by Ion Caracaleanu, Ion Ceapraz, Gh Dinca, Ianos Feher, A Iorgu, T Nicola, V Osiac, D Otovescu, A Piturca, M Roman, M Simion, E Traistaru, and Ion Traistaru: "Contradictions In The Process of Developing and Improving Socialist Society"]

[30 Aug 87, pp 34-38]

[Text] The creation of a comprehensively developed socialist society and advancement of Romania toward communism represents a complex, contradictory process in the accomplishment of which the broad masses of workers and the entire people consciously participate, under the leadership of the communist party. The conscious nature of construction of the new social system is closely linked to the role of the Romanian Communist Party, the leading political force in society, and to its new and superior capacity as a vital center of our socialist nation. Ever stronger assertion of this role presupposes knowledge and resolution of the contradictions arising in the economic, social, political, and intellectual life of Romanian society.

Our party and the party secretary general, Comrade Nicolae Ceausescu, devote particular attention to study of the conflicting phenomena and trends that occur in the dialectics of the revolutionary process and are engaged permanently in theoretical, political, and practical activities intended to ensure the all-round progress of Romania. "We must take action to eliminate all the contradictions and disproportions that have arisen between the various sectors of activity, in order to ensure at all times harmonious, unified development of all sectors of activity as a fundamental prerequisite for accomplishing the socialist revolution in the new stage of development," pointed out the party secretary general in his address at the 3rd Congress of Political Education and Socialist Culture.

On the basis of these requirements, ERA SOCIALISTA, in cooperation with the social sciences department of Craiova University, has organized this discussion, in which the following persons have taken part: Dr Ion Caracaleanu, university lecturer; Dr Ion Ceapraz, university lecturer; Gheorghe Dinca, lecturer; Ianos Feher, university lecturer; Aurelia Iorgu, university lecturer; Dr Tiberiu Nicola, university professor; Dr Vladimir Osiac, university lecturer; Dr Dumitru Otovescu, research worker; Aurel Piturca, university lecturer; Miron Roman, university lecturer; Dr Mihail Simion, university reader; Dr Elisabeta Traistaru, university reader; and Dr Ion Traistaru, university professor.

### **The Specific Nature of Contradictions Under Socialism**

Tiberiu Nicola: On the basis of comprehensive study of objective social laws and the new phenomena and trends occurring in Romania and in international life, our party and its secretary general, Comrade Nicolae Ceausescu, have evolved a profoundly scientific and original theory of the content, role, and ways and means of overcoming the conflicts in the process of creating a comprehensively developed socialist society and advancing Romania toward communism. A decisive role was played in this context by the 9th Party Congress, which made a critical analysis of the building of the new social order and

established long-term guidelines opening up the way to strong assertion of the revolutionary spirit and innovation in all areas. It may be said that work toward evolving a theory of contradictions and toward finding ways and means of resolving them runs like a scarlet thread through all the theoretical work and revolutionary activity of Comrade Nicolae Ceausescu, the architect of modern socialist Romania, which represents an original contribution to development of contemporary philosophical, economic, and sociopolitical thought.

Our party has conducted a broad campaign to bring about ongoing improvement in social and production relationships and the organization and management of society, improvement in local administrative organization, and in development of rural areas. The chief aim of this campaign has been resolution of contradictions in economic and social life, that is, elimination of negative phenomena which impede the progress of the economy, culture, and society as a whole.

Miron Roman: I do not believe that there is another problem of dialectical and historical materialism with as many profound implications for the revolutionary theory and practice of our party in building socialism and advancing Romania toward socialism as that of the action of the law of contradiction under the new system. Hence it is no mere accident that precisely this problem, in its capacity of "essence of dialectics," as V. I. Lenin wrote, has been and continues to be of particularly great interest in the process of creative application of the laws of social development to the specific conditions of Romania. Examining the social contradictions under socialism, the party secretary general has drawn attention to the need for proceeding on the basis of reality, inasmuch as "the manifestation of contradictions and the conflict between them constitute a law of social development under socialism as well." The tendency to idealize socialist society has been eliminated; it left the false impression that this society could not experience contradictions and difficulties and that installation of the political power of the working class and transition to creation of the new social order would of themselves solve the problems raised by application of the principles of socialism.

Gheorghe Dinca: The dialectical materialist and historical conception of the world demonstrates that the qualitative diversity of objective reality generates a diversity of contradictions which are universal and objective in nature and which represent a source of movement and development. Of course, not every contradiction of itself automatically determines development and progress. On the contrary, some of their forms of manifestation, in both nature and society, can give rise to grave dysfunctions. Contradictions do not lead automatically to development and progress under socialism either; they do so only to the extent to which advanced, progressive social forces, and above all the revolutionary party of the working class, struggle and take action to resolve them and overcome them in keeping with the requirements of objective laws.

The elimination of the class struggle and of social conflicts under socialism do not implicitly connote disappearance of contradictions from the mechanism of the new system, as was believed for some time. Understanding of the specific nature and the role of contradictions under socialism was for a long time a prisoner of erroneous dogmatic and apologetic conceptions of creation of the new society. We know, for instance, that there have been in circulation theories holding that manifestation of contradictions would be possible and real only during the initial stages of the revolution and socialist construction, when exploiting classes or remnants of them still existed, while these classes or remnants would diminish and even disappear as the new production and social relationships were consolidated. A number of other theories, although acknowledging the existence of contradictions during all stages of socialist society, erroneously held that their source would be factors of an external nature, and specifically imperialism. These theories were founded on an also unscientific conception to the effect that contradictions under socialism would be only a negative phenomenon, one of dysfunction, and would play no part whatever in social progress. At the same time, some theories, based on the essentially correct thesis of V. I. Lenin that under socialism "antagonism disappears but contradiction remains," arrived at the false conclusion that appearance and manifestation of antagonistic contradictions would not be possible under the new system.

Miron Roman: A narrow, one-sided view of the specific nature of contradictions under socialism has, in my opinion, also been manifested in regarding the role of the struggle between new and old as absolute. This contradiction is, of course, the source of development, but it is abstract and rather vague in nature, and asserting it exclusively reveals in practice a tendency to avoid reality, the specific problems facing our society, through escape into the abstract and the purely formal. In my opinion, in this case and in the theories just mentioned, it was a question of at least three errors of a theoretical nature, namely, that of fundamental understanding of contradictions only as an expression of dysfunction, of bad, of social malady, that of understanding socialism—at least in its historically achievable potential—as an expression of absolute perfection, something which, from the theoretical philosophical viewpoint is equivalent to the assertion in the framework of social ontology of the principle of absolute identity and thus to negation of the perfectibility and renewal of socialist society, and thirdly, the error of identifying objective social determinism with spontaneous action opposed to the conscious action specific to the process of building socialism. This has led to elevation to the absolute of the contrast between objective and subjective, the spontaneous and the conscious or determinism and liberty, and to abstract postulation of the secondary determinations of these relationships.

Paradoxically, although in principle and formally such approaches were opposed, they in practice nevertheless constituted a theoretical foundation for subjectivist and

voluntarist measures and actions. This is a problem toward which our party has taken a firm position. "It is true," points out Comrade Nicolae Ceausescu, "that on more than one occasion the impression has been created among us that socialism can do anything, but life and experience demonstrate that under socialism as well account must be taken of the general, objective laws and that it is necessary to act in accordance with them. Very grave disruptions may occur if they are not taken into account."

Ion Traistaru: I would like to add that such tendencies, the idealization of socialist society, have led to the false impression that socialism experiences no difficulties, cannot undergo economic crises, that establishment of the political power of the working class and transition to socialist construction of themselves solve all problems and lead automatically to realization of socialist principles. However, life and the experience of society have refuted such conceptions. As experience itself demonstrates, some difficulties and deficiencies and even a number of manifestations characteristic of crisis in the economic sphere and in the life of society in some countries do not represent an objective necessity, a requirement deriving from the essential nature of the new system, but rather originate in errors in political economy, in the general policy of the communist party of one or another country, coupled with external factors generated by the complex international economic and political situation or even by the negative influence of foreign reactionary forces deliberately seeking to undermine the socialist system. In speaking of the significance of such phenomena, Comrade Nicolae Ceausescu stressed that, on the basis of certain difficulties and certain events in some socialist countries, certain circles try to arrive at conclusions regarding the so-called crisis of socialism, even going so far as to assert that socialism no longer represents the only valid alternative for replacing capitalist society, which is based on exploitation and oppression of the popular masses and other peoples.

A scientific analysis based on the revolutionary concept of dialectical and historical materialism attests to the fact that the socialist countries have achieved enormous successes in all areas of the life of society, demonstrating in practice the superiority of the new system, which clears man's way to elimination of social and national inequalities, to establishment of justice and social equity. As the party secretary general points out, "the difficulties that have arisen are not due to socialism, to too much socialism, but rather to deviations and errors, to violation of one or more of the basic principles of scientific socialism, to failure to take general laws or specific realities in one or another country into account. Hence they are generated by the circumstance that socialist principles are not applied."

Miron Roman: These are all arguments which substantiate the conclusion that our party and its secretary general are to be given the credit for having broken a "long silence" on an essential chapter of revolutionary

theory and practice, and also for having in effect reintroduced dialectical rationality and scientific objectivity in dealing with the problem of the law of contradiction under socialism. Proceeding from quite clear assertion of the fact that this law is general and objective in nature, that it is given living expression and exerts its effect under socialism as well—in a specific way, of course, and in close unity with the conscious factor—the party secretary general has elaborated the guidelines, the general coordinates of theoretical and practical activity in specific resolution of the various manifestations of the action of this law. This fact has given impetus especially to the studies and analyses undertaken by research workers in the areas of philosophy, sociology, political science, economy, and so forth on social contradictions in general and on the contradictions specific to our socialist society in particular.

Aurelia Iorgu: As a matter of fact, the profoundly scientific and creative analyses made by the party and its secretary general, Comrade Nicolae Ceausescu, during the years following the 9th Congress provide a theoretical methodological framework of particular efficiency at the level both of theoretical interpretations and of elaboration and promotion of the economic and social strategy of building socialism and communism in Romania. Consequently, I believe it to be appropriate at this point in our discussion to point out the contributions made by our party to enrichment of the theory of contradictions. It is appropriate because a contradiction impresses itself on thought not as a result simply of its determination, of direct observation, but by way of theoretical generalization of the data of scientific research and realization of deeper levels of perception of reality. Any rigorous reasoning in this regard leads to the idea that, logically, contradiction represents both the ontological foundation and the fundamental ontological principle in understanding and dialectical explanation of the general mechanisms of movement and development. It is to be noted in this connection that, for marxist philosophy, contradiction constitutes the core of dialectics and its most characteristic element. In the well-known assessment made by V. I. Lenin in his "Philosophical Notebooks," dialectics in its most proper meaning is "study of contradiction in the very essence of objects." Emphasis on contradiction as an essential determination of phenomena, of existence in general, represents for materialist dialectics the theoretical methodological premise of understanding the unity and diversity of the world.

In determination of the content and characteristic features of the world, materialist dialectics today has available to it the results of the general theory of systems and of structural-functional analysis, and also and a flexible and detailed understanding of causality. In a perspective such as this, contradiction does not represent an abstract, speculative principle to which we must adapt reality, but rather a material, concrete determination of phenomena, a specific form of their interconnection. While on the plane of the general contradiction may be

defined as interaction, on a strictly determined plane it is a specific form of interaction, being manifested in a diversity of relationships.

The essence of the interactions of contradictions lies in the fact that their elements, aspects, subsystems, or systems are interdependent and unified and at the same time are in conflict with each other. By acting on each other, the elements of a contradiction form a unity (which appears to a certain extent to be a constant of interaction) which remains as long as this interdependence of conflicting elements persists. The elements of contradiction coexist; they are factors, aspects, tendencies of the same process, the same phenomenon. The totality, the entirety, is an aspect of contradiction, and thus a necessary aspect of any system. The unity of elements or systems does not constitute an alternative to opposition, but rather the "field" itself in which they occur and in which difference and opposition are manifested. This takes place through a qualitatively and quantitatively diverse spectrum of relationships between conflicting elements: rejection, domination of one opposite over the other, functioning of a conflicting aspect as a consequence of the other, annihilation of one opposite by the action of its opposite, etc. The tendency toward polarization, opposition, and mutual rejection of opposites, the internal tension of contradiction, and the tendencies toward integration, unity, and structural stability of the system are of variable character. The intensity with which one aspect or another manifests itself may vary, becoming predominant as the system evolves, either in the direction of internal cohesion of the aspects—stability and unity—or in that of opposition and struggle. Consequently, dialectical contradiction represents in the aggregate of interaction the type of relationship among the elements of a system or between systems which permits the occurrence of diversity in unity. The dialectical movement consists precisely in transition from unity to diversity and from diversity to unity, but on different, higher planes rather than in the form of variation on the same plane.

Perception and interpretation of contradiction in the aggregate of interaction are of immense theoretical and practical importance. The cardinal task of science, and of the social sciences in particular, lies in revealing the contradictions underlying change and development of phenomena, and on this basis in predicting the direction in which phenomena are evolving. Determination of the specific nature of contradictions, the content and specific forms in which they are manifested, and the mode of articulation of contradictions with non-contradictory interactions is of special importance in resolving and overcoming them in the practical work of building the new system.

Miron Roman: In connection with the concept of resolution or solution of contradictions, I should like to say that we should understand this to mean mitigation of the differences between phenomena or between different determinations of the same phenomenon or process, this

mitigation subsequently being amplified again in the context of a process, throwing a relative cyclicity into dialectical relief. Definitive resolution of contradictions would in effect be equivalent to their disappearance, something which is not possible in reality.

Ion Ceapraz: Of course, it is precisely in this context that I believe it to be of real use to approach the theory of contradictions in this discussion in connection with the theory of systems. Demonstration of the idea that materialist dialectics is the most suitable and fruitful general philosophical methodology of the natural, sociological, and technical sciences does not exclude the presence of methodologies specific to certain types of scientific disciplines. On the contrary, the scientific methodologies with varying degrees of generality and long-term interpretation offered by dialectical and historical materialism can contribute to improvement and particularization of the methodological arsenal of materialist dialectics.

In presentation of dialectics as a general methodology of theoretical and practical activity, emphasis is usually placed on one or another of its principles, either the principle of development or that of contradiction or interaction, and so forth. In fact, however, materialist dialectics represents a coherent set of philosophical principles. The ideas of determinism, universal connection and contradiction occupy a central position in this set, making up the philosophical foundation of systematic approach.

As a general philosophical methodology, dialectical materialism comprises at once the dynamic and the static view of objects and presupposes an array of scientific methods, including systematic approach, as one of its methodological principles. There is an organic correlation of research methods in dialectical materialist methodology. In study of an object, phenomenon, or event, one or another method—historical, functional, systematic-structural, etc—may predominate. As Marx pointed out, the skill of the researcher lies in applying the method or methods that are suited to the nature of the objects studied and to the needs of research and in going on to other methods and means at the proper time, when the object is to be studied from other viewpoints.

The dialectical relationship between the institutional principle and the principle of contradiction is of particular relevance in analysis of social life, and especially in analysis of the processes and phenomena of the current stage of development of Romanian socialist society. From this viewpoint alone does it make sense to speak of functional and dysfunctional contradictions in socialist society. Institutional analysis reveals that the development of socialist society is not the result of a single contradiction but of an entire system of contradictions and factors which, as has been pointed out here, depend on each other. At the same time, institutional analysis presupposes investigation of the interaction between the system of contradictions and internal factors and the

system of contradictions and external factors, in which the internal contradictions play the decisive role in development of society. In addition, the institutional approach reveals the fact that development is not determined merely by the relationships of the contradictory aspects, even though the struggle of opposites constitutes the essence of dialectics and the principal factor in social progress. In studying socialist society we must also take into account the significance of organization of society as an institution, its structure, and the principles of its operation as important factors in development. Thus, while the principle of contradiction permits understanding of the causes of evolution and development of a particular social system, the institutional or systemic principle (the institutional approach) in turn permits more profound understanding of the significance of the structure of organization and of the unity of opposites as a precondition for further development of the social system.

Tiberiu Nicola: As a matter of fact, only from the perspective of the theory of systems, of understanding of contradiction as a relationship or complex of relationships of the holistic type which differentiates and simultaneously integrates the elements of a totality (a system) is it possible to speak of the dual role of contradiction, one functional and the other dysfunctional. Whenever elements appear and exert their effect in the action of a contradiction and these elements determine the resolution of the latter, the contradiction in question plays a functional role in preservation, improvement, and development of the system. It thereby becomes a motive force in progress. Whenever elements which stimulate the development of a system are absent from the action of a contradiction, the contradiction performs a dysfunctional role relative to the system, becoming an obstacle in the path of development. The mechanism for resolving social contradictions naturally is more complex. An important part is played here by the subjective factor, the nature of the action of which determines whether it will play a functional or a dysfunctional role. By his actions man can deliberately or spontaneously provoke a condition of functionality or dysfunctionality in the social system as a whole. As is known, two basic types of contradictory relationships between groups, categories, and social classes are to be found in the life of society, that is, antagonistic and non-antagonistic contradictions. They differ in content and act in different ways in different social systems. These differences in content and functionality in the typology of social contradictions can be shown in greater relief by reference to the two types of social systems in existence in the contemporary era, the socialist and the capitalist.

Antagonistic contradictions can be structured in two principal forms: antagonistic contradictions based on fundamentally opposed interests between social classes and categories which hold radically different positions regarding means of production, contradictions inherent in systems based on private ownership, and antagonistic

contradictions structured on the basis of different secondary, non-essential, interests between social classes and categories which hold common positions regarding the means of production, that is, the contradictions inherent in socialism.

Contradictions of the first category are always resolved by overthrowing the old system by social revolution, while the antagonistic contradictions of socialism are resolved within the framework of the same system, in the revolutionary process of ongoing improvement and development of the new system. Inasmuch as they are not the result of differences of fundamental interests, the antagonistic contradictions of socialism can be discerned and the causes generating them can be eliminated without leading to upheavals from the viewpoint of ownership of the means of production, through measures ensuring the harmony required for economic and social progress among the different components of the particular social and economic system.

Similarly, non-antagonistic contradictions may be in two forms, those based on relatively common secondary interests of various classes and social categories whose fundamental interests nevertheless remain different, being encountered in presocialist systems based on private ownership, and non-antagonistic contradictions determined in the light of the fundamental interests and different secondary interests under socialism.

There is, of course, a dialectical relationship between the two types of contradictions, antagonistic and non-antagonistic. As was pointed out by Comrade Nicolae Ceaușescu in the report presented at the RCP national conference held in December 1982, whenever the fundamental subjective factor, the Communist Party, does not perform its leading role based on knowledge of the concrete realities, even under socialism contradictions can evolve in the direction of antagonistic forms and bring about negative phenomena that may jeopardize the unity of the organizational structures of society and the broad masses of people, the unity of party and people, and may cause dysfunctions in the system of class alliances in the process of homogenizing society, something which results in impeding economic and social progress.

To avoid such dysfunctions, there must be consistent effort to detect the contradictions and overcome them, ongoing analysis in the spirit of criticism and self-criticism of the results achieved in economic and social development, rejection of apologetic tendencies and ones toward subjective embellishment of reality, and constant linking of policy to the requirements of each stage of development. It is precisely for this purpose that our party conducts far-ranging activities to improve the organizational structures, so as to ensure increase in the role of the subjective factor, consolidation and development of revolutionary worker democracy, permanent

contact between decision making authorities and the popular masses, and active participation by the latter in the management of economic and social life.

Gheorghe Dinca: Because of the superiority of social relations and structures, of the efforts to achieve harmony of production relations and forces, and of unity of the entire people, on the basis of community of fundamental interests, non-antagonistic contradictions are manifested under socialism, ones which do not reach the point of conflict and are resolved by peaceful means, through participation by all social forces and subjective factors such as the party, the state, the social classes and categories, mass and public organizations, etc.

The sources of contradictions under socialism are, naturally, of different kinds. Thus, there are the contradictions generated by the persistence for a certain period of time in the new society of survivals of the old society, such as those connected with the low level of economic development, the degree of social division of labor, uneven distribution of production forces and other resources of society over the territory of the country, and with ideas, mindsets, concepts, convictions, habits, and attitudes of the old social consciousness. Similarly, some contradictions arise when different elements specific to socialist society and generated by functioning of the new social structures and relations have become outmoded and are transformed into negative phenomena and brakes on social progress. It may be said in this connection that the most general form of manifestation of contradictions under socialism is represented by the struggle between the new and the old in all areas of the social organism, the old being represented both by survivals of the capitalist system and by obsolete specifically socialist elements, as for example outmoded forms of organization of material production, remuneration for labor, styles of management out of keeping with democratic standards, etc.

Inasmuch as the operation of the socialist system is contradictory, knowledge of social contradictions is indispensable for regulation of the system; disregard or depreciation of social contradictions leads only to spontaneous manifestation of these contradictions, to the occurrence of serious disturbances and dysfunctions. The political leadership of socialist society can and should forestall the spontaneous manifestation of contradictions. Knowledge of contradictions is not, however, the same thing as overcoming them; this presupposes the elaboration of specific ways and means of keeping the manifestation of contradictions in different areas from leading to imbalance and disproportions and of making certain that it leads rather to progress. I believe that it should be pointed out in this context that resolving or overcoming the contradictions in socialism in no case means annihilation of the contradictory nature of social phenomena, but rather improvement in the operation of all subsystems of our society as a self-contained



system, that is to say, intervention by the subjective factor in the objective dynamics of society, for the purpose of mastering the mechanism of conscious self-adjustment of the system.

Elisabeta Traistaru: I as well am of the opinion that, although it expresses the most general form of manifestation of the contradictions in socialism, the struggle between the new and the old must not be considered in the abstract but concretely, from the viewpoint of the diversity of forms which the struggle assumes. This is especially true because the struggle of the old against the new is not conducted spontaneously, chaotically, but consciously and in an organized manner, under the leadership of the communist party. The party has the task of generalizing all social experience, of making an ongoing, thorough study of the new phenomena of life, the objective laws of development of society, and of establishing in each stage the course of action for elimination of the old and triumph of the new, to ensure resolute movement forward. This is one of the chief forms of exercise of the leading role of the party in socialist society. Certain conditions are necessary in order for this requirement to be met, specifically, profound study of reality, the ability to apply the laws of social development to the specific conditions of Romania, advanced political-ideological training, and realism and responsibility. Hence the requirement that the party organs and organizations study the new phenomena and trends and create political, economic, and organizational conditions needed for promoting the new in all areas of activity. At the same time, the role of the party is manifested in mobilization of all forces, the communists and the workers, in implementing the resolutions adopted to resolve or overcome contradictions.

An important part in timely detection of contradictions is played by criticism and self-criticism, displaying a combative, revolutionary spirit in all areas in socialist construction. Criticism and self-criticism represent a law of social development, a fundamental factor in eliminating deficiencies and lags. Criticizing boastfully triumphant attitudes toward reality, the tendency to give a distorted view of results in economic and social development, Comrade Nicolae Ceausescu stresses that "life must be known in all its sometimes contradictory complexity so that a precise scientific picture may be obtained of the phenomena and trends which characterize the stage in which the development of society is to be found at a particular time, so as to determine the respective stage and the appropriate mode of action. Concealment of deficiencies and failures, a rosy view of reality, arrogance, and a superficial attitude toward accomplishments do harm to the interests of our party and people."

Miron Roman: I believe that certain conclusions can be drawn from what is discussed here regarding study of the action of the law of contradictions in socialism and elaboration of a strategy of development in keeping with the operation of this law. Socialism presupposes rather

than excludes operation of the law of contradictions, on which the objective and necessary nature of development is based. Consequently, the progress of the new society is a permanent process in and through which some contradictions are asserted and even amplified, so that, as the dysfunctional aspects of their manifestations become predominant, they are mitigated or resolved. Consequently, the role of the conscious factor not only is not cancelled out by the manifestation of objective social determinism, but on the contrary becomes a determining factor in resolution of these contradictions, so as to ensure uninterrupted progress by society. The relationship of the functional to the dysfunctional in the manifestation of one and the same contradiction expresses its relativity and variability from both the historical and the specific viewpoints, as expressed in the different significance as a function of the different systems of reference. What was functional in one stage of development may not be so in another stage; what is functional from a certain viewpoint or in relation to a certain structural component may become dysfunctional from another viewpoint or in relation to another structural component. Elaboration of a strategy of development requires not only detection of contradictions which are predominantly dysfunctional or which may become dysfunctional in a short time, so that the strategy will be oriented in the direction of resolution or mitigation of these predominantly dysfunctional contradictions, but also in that of resolving or mitigating the ones which are predominantly functional in relation to the long-term aims of the strategy, so that the latter may include them in the mechanisms of development by asserting or even accentuating them.

### **Contradictions: A Motive Force in Social and Economic Progress**

Mihail Simion: The emphasis on the specific form of manifestation of contradictions under socialism throws strong light on a definitive feature of social progress, that of being contradictory. It may be said in this context that the various social formations, as well as the factors of evolution within them, represent just as many specific ways of resolving a variety of contradictions. Thus, socialism has today become simultaneously a method of resolving the contradictions inherent in social progress and the direction of growth of all mankind.

As a superior form of accomplishment of social progress, socialism prefigures the important directions of such accomplishment, creating the objective and subjective conditions for the advance toward communism. This factor in achievement of social progress at the same time represents the optimum framework for surmounting the contradictions of economic, social, and intellectual life.

Ion Traistaru: I believe that, in approaching the question of the complex, contradictory content of economic and social progress in the process of creating socialist society, we must proceed from analysis of the relationship between development of the forces of production and

production relationships, a relationship which from the dialectical materialist and historical viewpoint defines the mode of production, whatever it may be, including the socialist mode. This is especially so since, as we know, the mansided interaction between development of the forces of production and production relationships under the new system was until recently presented in an oversimplified manner, being reduced either to the thesis of the inevitable lagging of production relationships behind the level and nature of production forces or to the thesis of automatic achievement through the socialist revolution of full harmony of the production relationships with the level and nature of production forces. From this viewpoint as well the scientific analyses made on the basis of the dialectical approach to all economic and social development over the last 2 decades under the creative impetus of the party secretary general, Comrade Nicolae Ceausescu, have made a number of remarkable advances possible.

We know that the normal operation of any production process presupposes agreement of production relationships with the level and nature of production forces. Economic and social progress, the development of social production, can take place only if this condition is fulfilled. Any disagreement, any conflict between the nature of production relations and that of production forces has a direct effect on the production process, being manifested in disturbance of the operation of this process of widely varying intensity, from insignificant and transitory, brief disruptions to fundamental long-term perturbations, contradictions which reach their culmination when normal operation of production is no longer possible, causing tensions and crises, which may also occur under socialism, as a result of economic sluggishness, stagnation, and even regression in certain components or in production as a whole. Making a broad analysis of the contradictions that have arisen in Romania in recent years, the party secretary general has pointed out that a certain contradiction exists between vigorous development of production forces and development of production relationships, which exhibits a certain tendency toward sluggishness. Of particular importance in resolving these contradictions is the program of measures adopted by the 13th Congress of the RCP to ensure entry by Romania into the category of moderately developed countries over the 1986-1990 period and during the following decade transformation of Romania into a comprehensively developed socialist country.

The contradiction between production relationships and production forces during the current stage, as has been pointed out by the party secretary general, is also manifested in the occurrence of a number of disproportions, which must be speedily eliminated, between industry and agriculture, between process industry and energy and raw materials resources, and between consumption demands and capabilities at the current level of development of our national economy. Hence our party is taking resolute action to create the conditions needed for overcoming these contradictions and for reestablishing

the fullest possible balance between production forces and production relationships and the various sectors of economic and social activity.

It is, of course, vital in resolving such contradictions primarily to determine the objective and subjective causes that have led to them. In the case of the contradictions referred to in the foregoing, the party secretary general has pointed out as objective causes, firstly, the sluggishness of production relationships in comparison to the vigorous development of production forces, and, secondly, the relatively slow pace of development of some basic sectors of the economy, and he has determined as subjective causes a number of deficiencies and difficulties in accomplishment of tasks connected with provision of energy and raw materials resources commensurate with the requirements of all-round progress by the economy as a whole, deficiencies in ensuring more rapid growth of farm production, insufficient utilization of the technical potential available to industry and the economy as a whole, and certain tendencies of consumption to exceed the capabilities of the national economy during the current stage. It is also to be noted that it is precisely in these directions that our party and state are taking action today with the utmost determination, by elaborating an array of measures for control, on a new basis and under new conditions, of coordination production relationships with production forces to ensure balanced and all-round economic and social development of the country.

Miron Roman: It is true that the complex and contradictory nature of economic and social progress under the new system is due to the fact that, as has been stated in this discussion, contradictions under socialism are simultaneously functional and dysfunctional consequences. To point up the role of contradictions as a motive force in economic and social development it is, however, necessary, I think, to take into account the predominance of one or another of these consequences resulting primarily from reference to the fundamental, and accordingly necessary and general, components and determinations of social life. I consider that contradiction to be functional whose consequences best promote to the greatest extent and over the longest possible period the aggregate, that is, society, even if it sometimes may have relatively dysfunctional consequences for some segments and even for the whole (but only temporarily). Expression is given here to a theoretical methodological principle of dialectics of extremely great importance in utilization of contradictions as an instrument for promoting development, that is, the dialectics of the relationship of the functional to the dysfunctional in the manifestation of any contradiction must be analyzed concretely and in a historical perspective. It must be applied in the process of elaboration and implementation of economic and social development, at the global and the zonal levels, as a factor in progress both for resolving predominantly dysfunctional contradictions and in promoting those effective manifestation of which provides incentive and contributes to galvanization of

social life in a social or other context, in one stage of history or another. In my opinion, not only are the contradictions predominantly dysfunctional in nature resolved in and through the development strategy, but those with predominantly functional implications are also consciously and deliberately promoted. They obviously may have predominantly dysfunctional consequences in another period, and so the development strategy will be oriented toward overcoming them. Another conclusion follows, in my opinion: not all contradictions in social life are spontaneous and undesirable, and thus not all contradictions arising in society may be ascribed exclusively to "errors."

[10 Sep 87, pp 24-29]

[Text] Miron Roman: In approaching the matter of the specific nature of contradictions under socialism, I should like to discuss the contradiction between industry and agriculture in its indissoluble unity with that between town and countryside. The false impression is sometimes given that these contradictions inherited from the old system have been and are generated exclusively by dysfunctional consequences and that resolving them would be desirable and even possible of accomplishment even during the first stages of execution of socialist construction. The basis adopted in this context is the seemingly paradoxical fact that, in a context in which agriculture has actually undergone a process of development, and the countryside one of modernization, the dysfunctions resulting from manifestation of these contradictions have been more pronounced in certain respects, as has been pointed out precisely in the most recent period in the documents of our party.

The contradictions between industry and agriculture and between town and countryside arose, of course, even within the old societies, but they acquired new contents and meanings in the process of revolution and socialist construction, generating predominantly functional consequences during it and becoming factors in economic and social progress. They have favored, for example, numerical growth of the working class, such growth resulting among other things to a great extent also from inclusion of persons originating in agriculture and the rural environment. This fact is also especially important from the viewpoint of practical achievement of increase in the leading role of this class. At the same time, industrial units and ones in other non-agricultural sectors have been able to procure the necessary manpower simultaneously with rapid expansion of their activities chiefly in the less developed areas. These contradictions have also led to significant functional consequences for agricultural and rural areas, primarily as a result of the influence exerted in the direction of modernization and increase in the role of agriculture and the countryside in the economic and social development of the country. Thus, the size of the population employed in agriculture is determined rather in accordance with the actual labor

force needs of a mechanized agriculture, this ensuring increase in labor productivity and on this basis elevation of the standard of living and culture in the rural environment.

All these consequences, along with many others, have had a positive effect on society as a whole, stimulating its harmonious and comprehensive development. It is true, however, that in the new stage of development of our society emphasis has been placed on certain dysfunctional consequences of the manifestation of these contradictions, consequences felt at the global and zonal levels both by agriculture and by industry, by both the countryside and the town, on relative imbalances among the population employed in agriculture and in rural communities in general, on the difficulties in meeting the fairly great manpower needs for certain areas of agriculture, generally during the recurrent periods in which a large volume of manpower is needed in a very short time, on the excessively high pressures on investment projects in the service sector intended for the population and on maintenance costs of urban localities which have experienced very fast population growth, on difficulties in control and rationalization of migratory movements, etc. In my opinion this shift that has taken place in the ratio of functional to dysfunctional in manifestation of the two interacting systems of contradictions—industry-agriculture and town- countryside—is natural, it proving that, generally speaking, the impetus and stimulation of these contradictions for the process of development have been eroded, so that the development strategy itself has had to be reoriented for the purpose of creating a new type of economic and social progress ensuring resolution of these contradictions. It is precisely in this direction that our party is taking action; the new strategy of the country for ensuring progress is oriented basically toward intensive economic and social development through strong growth of industry based on the new accomplishments of the technical and scientific revolution, through achievement of the new agrarian revolution, and through implementation of a broad program of regional social development. It must be pointed out, however, that resolution of these contradictions is itself a long-term process.

Ion Traistaru: In the context of what has been stated here, I should like to point out that in principle under socialism, on the basis of the conscious nature of economic and social development, of planned control of the mechanism of operation of social production, reconciliation of the nature of production forces with that of production relationships can be achieved and kept within certain necessary limits sufficient to ensure economic and social development. Such reconciliation entails transformations which must be made simultaneously in the content and structure of production forces as well as in the content and structure of production relationships. The efforts of our party and state vigorously to promote the technical and scientific revolution and modernize the structure of production forces and of the national economy as a whole are just as important in

this context as the activity of improving production and social relationships by creating organizational and management structures meeting the needs of development of social production, including production forces, and by creating and applying economic and social mechanisms ensuring normal and highly efficient functioning of the national economy.

Within this new economic and sociopolitical context in the current stage of development of our society, in which both the essence itself and the specific manifestations of the relation between production forces and production relationships are acquiring qualitatively new features, the thesis regarding the inherent backwardness of production relationships relative to the level and nature of production forces, in such a way as to become a brake on the progress of these forces, is, of course, unsuitable for the socialist economy. At the same time, this does not mean overvaluation of harmony between production relationships and forces, in the sense that this harmony is complete and absolute in nature. I believe that there are much more suitable interpretations in the sociopolitical literature of Romania which opt for the need of determining an optimum correlation of production forces with production relationships under socialism, one which obviously tends toward ideal, that is complete, harmony. From the practical viewpoint, however, this cannot be accomplished, inasmuch as development of production forces as an absolute law of economic and social progress causes any conscious change in production and social relationships in general which ensure control of the mechanism of connections between production forces and production relationships to exhaust its incentive resources within very short intervals, ever newer measures being required for adjustment and readjustment of production relationships to the new requirements generated by the ongoing development of production forces. It should be pointed out at the same time that the level reached by development of production forces at a particular time, which is reflected in the level of technology, in application of scientific and technical achievements in production, and in the level of productivity and efficiency of social labor, is determined firstly by the previous level representing its starting point and secondly by the ability of society to develop social production with its own resources, with the production forces themselves in a particular historical era. Consequently, the production relationships existing at a particular time in society cannot be held responsible, so to speak, for the level of development of production forces at the particular time, especially when it is a question of socialist production relationships in countries which have inherited low-level production forces from the old system.

The role of socialist production relationships must be evaluated from the perspective of their impact on economic and social development in the process of building the new system. From this viewpoint, socialist production relationships have given proof of their progressive

nature and active role in countries which have accomplished socialist revolution and have proceeded on the basis of the socialist production relationships to carry out comprehensive development. These relationships have provided and continue to provide the social context needed for achieving high rates of development for production forces and the socialist economy in general. Of course, experience has shown that this role of the new production relationships is not manifested in identical fashion in all socialist countries, being performed in the specific social, economic, and political context of each country, as an expression of the ability of the respective communist party and socialist state to provide through its economic policy both the most appropriate guidance and the most suitable forms, methods, and means of management, organization, and planning, in accordance with specific national conditions and characteristics and as a function of the technological, economic, and sociopolitical factors utilized. The mechanism for controlling the operation of the socialist economy thus plays a decisive part in ensuring elevation of the level of production forces and economic and social development

Ion Caracaleanu: The events taking place in the area of production forces unquestionably occupies an important place in the array of problems connected with contradictions in socialist society in general and in socialist economy in particular. We say this because in the last analysis production forces are the decisive factor in development of society. We can examine the contradictions manifested within production forces only by understanding these forces as a complex, dynamic, and contradictory relationship between man and nature. An important place is occupied in this context by the contradiction between means of production and manpower, between which there should be permanent interdependence, functional continuity, and common action. The functionality of this relationship is ensured by utilizing manpower only at the quantitative, structural, and qualitative level required for optimum utilization of production means. Instances may occur, however, in which failure to create manpower at the optimum level leads to the impossibility of utilizing equipment and material resources suitably and to stagnation in development. The program for providing manpower, development of education, and continuous improvement in personnel training over the 1986-1990 period has been drawn up precisely for the purpose of ensuring functional balance in this direction. This program calls for establishment of ways and means for ensuring elementary and advanced training of personnel strictly in accordance with the needs of economic and social development, account being taken at the same time of demographic evolution, the need for sensible and efficient use of labor resources in all areas and localities of the country and with all citizens of the country displaying their capacity for work and creation to the full, with no restrictions whatever. Contradictions in the mechanism of production forces can also arise within the labor force and between its functional domains and structures. I have in mind the disproportions which may occur

between the nominal or potential labor force and the active labor force actually engaged in production, and also the imbalances which arise between the labor force employed in industry, with a particular structure and skill level, and that in agriculture, a basic sector of the national economy. The need for restoring balance also derives from the personnel training plan, which calls for schooling of the great majority of 9th-grade students in industrial, agricultural, and forestry lyceums, along with further increase in the percentage of 10th-grade graduates attending vocational lyceums and schools, so as to provide the largest possible number of highly skilled workers.

Other aspects could also be discussed here, such as the regional distribution of the labor force, the ratio of skilled to unskilled workers, and so forth. We know that at the PCR National Conference in December 1982 and at the 13th Party Congress emphasis was placed on the occurrence of certain disproportions between process industry and energy and raw materials resources resulting from the much more vigorous development of the process sectors of industry and the effects of the world economic crisis. To ensure balance between these sectors, special programs have been adopted for development of energy and raw materials resources, better use of sources of raw and intermediate materials, and solution of the energy problems of the country, in broad outline, during the current 5-year plan.

I believe that we cannot deal with the problem of contradictions within the labor force without taking into account the new scientific and technical revolution, which by its very nature affects the entire system of science and technology, the quantitative and especially the qualitative changes in the nature in the nature, pace, and direction of development of science and technology. Being involved directly with production forces as a whole, the new technical and scientific revolution is proceeding as an autonomous process, and so sometimes experiences dysfunctions and imbalances. Consequently, the documents of our party strongly stress the concept that an especially important part in the economic and social development of the country is played by scientific research and prompt and resolute application in production of the results of research and the new achievements of modern science and technology.

I should like to mention here the contradiction between the consumption needs of society (productive and non-productive) and the level reached by the production forces of society. This contradiction, which is objective in nature, is manifested specifically in the fact that consumption needs are generally more dynamic than the production process. The contradiction which arises at a particular time in this regard necessitates stimulation of the development of production forces, the creation of new coordinating links among various sectors of the economy, and expansion and improvement of social production. It is in this context that Comrade Nicolae Ceausescu, in the report presented to the PCR National

Conference in December 1982, stated that the elevation of the standard of living and the rapid growth of consumption have led to the appearance of conflicts between consumption demands and existing production potential, in that in some sectors consumption demands to some extent outstrip the potential and the current level of the national economy. Hence our party and state have rightly taken measures to ensure more vigorous development of consumer goods production and services, as well as scientific organization of consumption.

Vladimir Osiac: Science and technology are indeed playing an increasingly important role today in solving the major problems confronting mankind, being powerful forces energizing progress and civilization. Scientific knowledge and research activities have become one of the most important factors in economic, industrial, and agrarian development, something which brilliantly confirms Marx' thesis regarding the transformation of science into a direct force of production. The criteria of development of science and technology, the method of applying their results, and the transfer of scientific knowledge and technologies also represent, of course, aspects which are both fundamental and contradictory.

Along with the positive impact of science and technology on social development, there are also their negative effects on man and society. Automation, robotization, and cybernetic applications have brought about a revolution in the relationship between man and machine. This has led to elevation of the level of professional, technical, and scientific training and to improvement in working conditions. At the same time, however, we have been witness to the appearance of contradictions between the technical level of equipment of enterprises and the skill level of some categories of worker personnel, with negative effects on use of equipment to full capacity and on organization of labor. In my opinion, a prime cause of these contradictions is to be found in the usually more rapid development of technology than increase in improvement in the skills of worker personnel. Modernization of the implements of labor entails better vocational qualification of workers and very often change in skills whenever the basic trade no longer meets the needs of modern technology. Thus we have a number of different theoretical and practical considerations underlying our party's program for development of scientific and technological research, promotion of technical progress, and training worker personnel during the current 5-year plan and beyond it to the year 2000

Dumitru Otovescu: As a matter of fact, the entire development of science and technology appears as a process in which a complex array of contradictory relationships are to be distinguished. By its very nature, knowledge in general is contradictory in nature. The discovery and theoretical social promotion of a truth indirectly entail illumination of new areas of knowledge and action, elimination of errors and uncertainties, and addition to

earlier knowledge. The struggle between truth and error, between old and new, has characterized science throughout its historical development.

Not only is progress in the content and structure of our information about nature and society, but also the theoretical-methodological advance, the dynamics itself of science, are contradictory in nature. Any science is seen to be contradictory in its evolution when viewed from the viewpoint of continuity-discontinuity, empirical-theoretical, absolute-relative, concrete-abstract, historical-logical, inductive-deductive, analytical-synthetic, and other relationships. The special factors, the revolutionary changes taking place in the development of sciences, also have numerous implications for intensification and diversification of scientific research and the general advance of knowledge.

### **Contradictions and the Need for Improving Production, Social, and Political Relationships**

Ion Traistaru: Improvement in production relationships, and property relationships above all, takes place during the stage of creation of a comprehensively developed socialist society, along with development of production forces and as a result of elevation of the technical level of production, mechanization, automation, and application of cybernetics to production processes, and of elevation of the level of knowledge and skill of the workers and elevation of the material and spiritual level of civilization. Objective conditions are thus created for optimum resolution of the contradictions between production forces and relationships, as well as the internal contradictions of socialist ownership, so as to ensure the uninterrupted progress of our social system.

There is no question that socialism generates contradictions in the sphere of production relationships that are radically different from the contradictions of capitalist production relationships. Thus, the essential nature itself of socialist production relationships, that is, public ownership of the means of production, generates a number of contradictions, specifically, the contradiction between the real social and economic equality of all workers based on public ownership of the means of production and their inequality as individuals. In socialist economy, equal possibility is created for the entire people to participate in the work of society and to benefit directly and indirectly from the results obtained by society in its development. All workers are joint owners of the means of production, not just in the sense that they can make a direct contribution to the development of production, but also in the sense that they can decide on the directions of its development and can intervene actively at all organizational and structural levels and in all organizational and structural elements of the economy to ensure the most efficient possible use of the resources of the national economy. Their status as joint owners of the means of production is, of course, not realized spontaneously and through administrative acts but rather consciously and as a function of individual participation by

every worker in social production, in elaboration and implementation of decisions regarding economic and social development. Social and economic equality of all workers is thus a possibility which becomes reality only to the extent to which each participates in social production by making full use of his skills and capabilities. Socialism excludes the possibility of social and economic equality for individuals who do not participate in one way or another in activities useful in the national economy. On the other hand, under socialism individuals continue to be unequal as individuals from the viewpoint of their capacity for work, their contribution to social labor, the results obtained in social production, the importance of the social and economic activities pursued, and other viewpoints. This inequality, which continues to exist between workers in Romania even during the stage of creation of a comprehensively developed socialist society, diminishes progressively as the extent of participation in social labor increases.

At the same time, resolution of the contradiction between the social and economic equality of the workers in Romania and their inequality as individuals varying in their capacity for work and in the extent of utilization of this capacity, occurs in the process of combination by each worker of his status as producer of material goods with his status as owner of the means of production, and on this basis as a person responsible for the development of social production, and with his status as beneficiary of the results of social production.

Another contradiction of socialist production and social relationships is represented by the contradiction between public ownership of the means of production and individual ownership of labor power. All workers are joint owners of the means of production, this status becoming reality only within the framework of production and only to the extent that the means of production are in operation, that is, interact with labor power, which is owned by each worker individually. Labor power is manifested in this case not as individual labor power but as a social force. At the same time, the individual labor power available to each worker as joint owner of the means of production may be utilized and thus realized as a social force of production only when it interacts with the publicly owned means of production. To the extent that it is applied through interaction with individual means of production, the labor power of workers is an individual labor power which can exist under socialism, but not as an essential feature of it. Unity of publicly owned means of production and the individual labor power of each worker is realized through operation of individual labor power as a force of social production.

Lastly, a contradiction generated by the essential nature of socialist production relationships lies in the contradiction between general and individual social interests. Socialist society requires every individual to participate through his activities in solution of problems ensuring all-round economic and social progress, as a requirement for satisfaction of individual interests. Contribution to

social labor thus becomes the standard of participation in fulfillment of individual interests. On the other hand, every worker tries to obtain as much as possible from society through the results of his activities, in order to satisfy his individual interests to the greatest extent possible. Socialist society must ensure ever fuller satisfaction of individual interests as a condition for ongoing participation in social labor by each worker in the general interest. Resolution of the contradiction between individual labor and social labor is thus expressed in unity of the two forms of labor, which depends on increase in the contribution made by all workers to social labor, and at the same time on increase in the contribution made by society to satisfaction of the individual interests of the workers

Mihail Simion: I believe that one way of resolving some of the contradictions referred to in this discussion is elimination of the phenomenon of alienation and self-alienation under socialism. Some marxist authors try to prove that, "in principle," only the antagonistic form of contradictions generates alienation. This would mean that socialism, being defined by non-antagonistic contradictions, would be the society in which alienation would not be encountered, except, perhaps, "in principle." The causes of this phenomenon, which express the mode of operation of society at a given time, the features of social relationships, and the content of interpersonal relationships, the dialectics between individual and society, are especially complex and have their roots in all spheres of social life.

Only the preconditions for eliminating alienation have been created by the disappearance of private economic structures and antagonistic social contradictions. As an objective phenomenon, alienation results from the operation of the different spheres, and this operation in turn bears the mark of certain contradictions. Factors of an economic, political, and spiritual nature lie at the root of the persistence of alienation and the manifestation of dysfunctional contradictions. We must not forget that the great majority of socialist revolutions have succeeded in countries with a fairly low level of economic development and with little experience from the viewpoint of sociopolitical leadership. The political emancipation realized in the process of socialist construction takes place under the conditions of struggle for economic and spiritual emancipation. In addition to the limits in the plan for development of equipment and material resources, this determining contradictions and alienation, we may mention the persistence even in the new system of the division of labor, of commodity-money relationships, the predominance of of personal interests among many individuals, the disparities among many spheres of activity, and the fact that elements of alienated consciousness persist in the social consciousness, being embodied in backward attitudes and behavior toward work, toward the new form of ownership, toward the collective, etc. In addition, the planned development of socialist economy does not exclude certain elements of

spontaneity which in turn generate certain contradictions, disturbances, and phenomena of alienation. Disproportions arise spontaneously, for example, in the interrelationship of various sectors and subsectors of the national economy and in commodity distribution.

Alienation under the new system, a complex and profound social phenomenon, is in my opinion also manifested in the attempt by some individuals to lead a parasitic existence, without working, by means of theft, embezzlement, acts of violence, and in the joining of religious sects by individuals.

Elisabeta Traistaru: There is no doubt that socialism eliminates the objective causes of alienation and clears the way for realization of true human emancipation. This emancipation must be regarded as a complex, long-term process, one which does not take place automatically and spontaneously, simply through institution of new socialist production relationships. In addition to the fact that socialism still retains forms of alienation from the old system, such as religious alienation and deviant behavior, new sources arise, such as the difficulties associated with the relationship of producer to product. In addition, the persistence of commodity production and differences between town and countryside, between industry and agriculture, in the way men work, in the level of incomes, etc, represent conditions drawing attention to the fact that phenomena of alienation still exist under socialism and that the struggle to overcome them has not lost its meaning. In my opinion, the problem cannot be reduced merely to determination that alienation exists under socialism; rather there is need for concentration of forces to struggle against the phenomena of alienation and to eliminate alienation. This complex form of the existence of contradiction, alienation, exhibits features of historicity to an even greater extent than does antagonism. This is also the import of the struggle for getting beyond this stage of non-fulfilment of man and the human.

We perceive in this context the farsightedness with which the documents of our party have been substantiated. On the basis of these documents constant effort is exerted to ascertain the difficulties implicit in the evolution of contradictions in socialist social life and to promote measures to assure harmonious development of all sectors of the national economy, to combine the efforts toward creation of a superior material civilization with ones aimed at creating a new human model, at full expression of personality.

Mihail Simion: Closely linked to the contradictions of socialist production relationships during the current stage are the non- antagonistic contradictions between social classes and categories. In militating for all-round development of our country, the RCP creates optimum conditions for overcoming these contradictions and for homogenizing society as a whole, as a basic factor in the unity and progress of our socialist society



Elisabeta Traistaru: The revolutionary transition accomplished by Romanian society as a result of the victory of socialist production relationships throughout the economy has from the social viewpoint led to removal of the antagonisms generated by private capitalist ownership, those between town and countryside and between physical and intellectual labor. However, this does not mean removal of essential differences between different types of human activity, and accordingly social inequalities and differences between members of socialist society. The disparity still existing during the current stage between development of the non-agricultural sectors and agriculture, between town and countryside, is expressed in the relationships between classes in the form of non-antagonistic contradictions between the working class, the peasantry, the intelligentsia, and other social categories existing in Romania.

The contradiction between the working class, the leading class in society, and the peasantry in cooperatives is generated by the historic disparity between industry and agriculture, between the urban and the rural environments, and by a number of objective factors generated by the process of development of economic and social life under conditions of creation of a comprehensively developed socialist society and advance by Romania toward communism. The narrowing of the technological and economic gap between industry and agriculture, between the urban and the rural environments, although representing a decisive factor in reducing the differences between the working class and the peasantry, is nevertheless not automatically and spontaneously accompanied by elimination of all contradictions, including the non-antagonistic ones between the two classes. The elevation of the technological level of agriculture increasingly creates economic and social working and living conditions for the peasantry which are coming more and more to resemble those of the working class. However, a number of economic and social conditions continue to be different, ones such as the seasonal nature of farm work inherent in the activities of developed agriculture under varying natural conditions, the constant confrontation by natural factors which cannot be fully mastered and which affect the results of labor, etc. On the other hand, the growth itself of the working class resulting from the economic and social development of the country, an essential process in intensifying social homogenization, is accompanied by diversification of the characteristics of its component groups. The result is that, although the general interests of the working class as a whole are the same, some interests, primarily economic ones, persist which differentiate the various groups of this class. This diversification also takes place against the background of differentiated incentives for individual sectors of the national economy in accordance with the priorities of economic and social development of the country. For example, some categories of the working class, such as those employed in what are currently

sectors of major importance (mining, petroleum, highly skilled workers in key sectors of industry, or construction workers) earn higher incomes that do other categories of workers.

At the same time, it must be stressed that reduction of the population gainfully employed in agriculture is not accompanied to the same extent by reduction in the number of people who live and work in rural areas. The systematic development of the localities of the country, including the rural ones, and their economic and social development increase the number of persons in rural areas who are gainfully employed in non-agricultural sectors. Jobs such as those of machine operator, irrigation system worker, electrician, etc are prominent in this social environment. Because of the economic and technological conditions in which they are employed, the workers in this category generally have interests which are relatively identical to those of the peasantry but which may differ in certain respects both from those of some categories of workers and from those of the peasants.

It follows that, in the light of the specific economic and social conditions and in keeping with the interests of different categories of the working class and of the peasantry, there are some differences between and even within them objectively generated by a number of non-antagonistic contradictions. Consequently, our party takes action unceasingly both to gain deeper knowledge of these contradictions and to adopt the most efficient measures for solving the problems specific to each category of workers.

Tiberiu Nicola: In analyzing the evolution of the non-antagonistic contradictions between different social classes and categories, I believe that we should proceed from the new and original evaluation made by Comrade Nicolae Ceausescu, who has said that "we must adopt a broader definition in considering the working class, which is also to include the intelligentsia, especially the technical intelligentsia, which represents a significant and scientifically and technically more advanced part of the working class." In this profoundly dialectical view of the unity and opposition of different categories of the class structure, the intelligentsia does, of course, represent a distinct social category, but as an integral part of the working class which participates actively in performance of the political and economic role of the working class. This way of considering the relationships between the working class and the intelligentsia stresses the unity (and not the differences) of the attitude toward means of production and the interests and roles of the working class and the intelligentsia in political and socioeconomic life as a whole. The intelligentsia's membership in the working class assigns to the intelligentsia an increasingly active role in economic and political life contributing to strengthening of the role of the working class as the leading class. As a matter of fact, the intelligentsia makes a significant contribution from the viewpoint of all the qualitative parameters of increase in the role of



the working class in the political and social life of the country: the increase in its role as the main social factor in material production, assertion of the superiority of its system of values (philosophical, political, legal, moral), and increase in the role of this factor in dissemination of revolutionary ideology and awareness at the level of society as a whole. At the same time, we believe it to be apposite to stress the implications of the contemporary technical and scientific revolution for the content of labor within the framework of modern production, which is based on the most advanced achievements of science and technology and scientific organization of all activities. Now that science is increasingly becoming a directly productive force, a fundamental factor in economic and social progress, a hard and fast dividing line may no longer be drawn between the intelligentsia—scientists, research workers, and highly skilled specialists—and the working class.

Of course, as was pointed out in a discussion published by ERA SOCIALISTA (No 24, 1986 and No 1, 1987) and devoted to this problem, there is possibly need for a more comprehensive and more flexible, but more precise, definition of the concept of working class conforming to constantly changing realities. It may be said that the unity of the working class, which also includes the intelligentsia as an inherent social category, has several unifying features of content and functionality, such as its status as owner of the means of production and producer and beneficiary of the results of its activities, which also apply to the intelligentsia. In fact, modern production is experiencing an increasingly pronounced trend toward "intellectualization" of labor, that is, organization and conduct of production on the basis of the most recent accomplishments of contemporary science and technology. In this case as well, no hard and fast dividing line may be drawn between intellectuals and workers. For one thing, there are categories of workers who engage in obviously "intellectualized" activities, and for another there are categories of intellectuals who engage in activities directly linked to production

Ianos Feher: The new relationships arising in the current stage of development of our country between the working class and the intelligentsia stress the requirement of improvement in the forms and methods of training manpower. These methods, and education in particular, are also undergoing a complex and contradictory process of evolution.

The economic and social development of the country under the conditions of the new contemporary scientific and technical revolution call for energetic measures also for improvement in education, manpower training, and increase in worker skills. The tasks and objectives facing our society today presuppose that activities in all areas will be based on the most recent achievements of science and technology and of human knowledge in general, along with ongoing improvement in professional and scientific training and in the level of knowledge of young people and of our people as a whole.

A priority objective of the strategy of developing education in the current stage is progressive integration of education with production and research. Accomplishment of this integration has promoted improvement in the content of education in step with the new discoveries of science, that is, more rigorous coordination of education with the requirements of life and social practice. Participation in productive activities by pupils and students leads to establishment of closer social ties to socioprofessional groups directly involved in the production of material goods, something which contributes to gradual attenuation of the contradiction between physical and mental labor. At the same time, however, although our education represents a complex system of professional training based on a unified and scientifically substantiated concept and in accordance with the requirements for the progress of society, considering its complex links with all the other components of social life, it may experience dysfunctional, contradictory phenomena the overcoming of which represents a requirement for continuing improvement in education. I would include among these the contradiction between the requirements of our new system of education and traditional educational practice, between the individual demand for education and the educational curriculum to which the pupil has been assigned, etc. For instance, the process of integration in the form of conduct of uniform school activities sometimes encounters resistance by those applying educational practices and yields negative consequences, as for example, the insufficient strengthening of the links between practical production training, specialized training, and general education, etc. Similarly, the diversification of types of lyceums has led to multiplication of relationships between and within institutions (schools, lyceums, universities, enterprises) which, as by the way was pointed out in a discussion published in ERA SOCIALISTA (No 21 and 23, 1986), are not always free of contradictions. For example, supervisory enterprises may exert pressure for the sake of reaching production targets which is not in harmony with the educational make-up of the school. Production tasks and economic objectives cannot, of course, represent an end in itself; they must contribute toward multiple-skill qualification and training of future specialists, just as the school must make better use of the potential afforded by on-the-job training for educating pupils and students through work and for work.

The methods of surmounting these contradictions are given concrete expression in the policy itself of our party of improving the system of education. The measures adopted in this area aim at application of principles for achieving unity among research, production, and education to ensure the optimum relationship among practical, theoretical, and instructional activities. Thus, the process of modernization and improvement of education requires increasingly organic integration of education into the general process of modernizing the entire

system of structures of the national economy and improving the quality of this system in accordance with the requirements of the new contemporary scientific and technical revolution.

Dumitru Otovescu: The diverse relationships in economic and social life are naturally reflected in the sphere of the political, where contradictory relationships have a significance of their own because of its functions and the nature of the interests which it defends and promotes. While from the functional viewpoint the political is understood from the viewpoint of its decisive influence on the progress of the entire range of social relations and actions, naturally including the economic and social determination of the political, from the viewpoint of the theory of systems the political is seen as an organized and autonomous array of concepts, attitudes, states of mind, relationships, and specific institutions. It follows that there are two kinds of contradictions; some relate to and characterize the political as a process, revealing its historical dimension, while others are manifested at the level of the structures themselves.

Viewed in this light, the political is a subsystem of global society closely linked to other subsystems (economic, legal, scientific, artistic, demographic, etc) on which it exerts an active influence (of leadership or domination), and at the same time registers the effect of the various contradictions which occur inside or among the subsystems. The specific nature of political contradictions is due to the fact that they are characterized by a specific social content and intensified dynamics revealing the degree of organization and social progress and the resources available to society for its own development.

Contradictory political relationships are manifested essentially in the area of the struggle between classes and social groups for maintenance or attainment of political power, assurance of social order (integration of citizens from the viewpoint of the system of standards, values, and ideals instituted). Hence also the essential difference in the form of manifestation of political structures under socialism and capitalism. As we know, in societies based on private ownership political power is exercised in the form of domination of one class by another. For this reason, the fundamental political relationships are profoundly antagonistic. Because of the community of fundamental interests, relationships between classes are no longer antagonistic under socialism, while political power is of the nature of government or leadership rather than domination and subordination. Hence a distinctive feature of the political system under the new order, one which demonstrates its superiority and efficiency, is represented precisely by the ability of this system to ensure wide participation by citizens in solving the problems of society. Comrade Nicolae Ceausescu points out in this connection that socialist society is inconceivable without participation by all social categories in social and political life. The far-ranging process of improvement in socialist democracy, institutionalization of collective leadership, and firm application of the

principles of worker self-management and economic and financial self-administration confer a unified, homogeneous nature and an efficient, mass functionality on our political system. This is not to say, of course, that the system is free of contradictions, which, being objective and universal, are also manifested in varied forms within the socialist political system or between it and other social subsystems. In the specialized literature devoted to study of this problem we find mention of the existence of numerous contradictions, such as those between the requirements of political leadership of society and the process of acquiring scientific knowledge (in order to make decisions as closely in keeping with reality as possible), between the principle of democratic centralism of the organization of state power and autonomy of local organs of state power, between a certain institutional inertia and the objective requirements of social renewal, between political regulations and directives and methods of application, between the real social need for political regulations and the drawing up of an impressive number of such regulations (political regulationism), between political behavior (individual and collective), and private convictions, etc. Similarly, the perpetuation of outmoded styles of work and the formalism of certain political actions can provoke conflicts of values and attitudes affecting different aspects of the socialist political system, a system which is based on the principle of collective leadership in the interests of all classes and social categories.

The efforts of our party to resolve such contradictions have been reflected both in the process of uninterrupted improvement in the institutional framework of revolutionary worker democracy and in that of development of the socialist consciousness of the masses, there being an organic link and interdependence between the two processes. In effect, our socialist democracy is a political course of action for involving the workers in management of the life of society and for uncovering contradictions and the causes leading to them so that the contradictions may be overcome and so that efficient political ways of thinking and action can be arrived at for this purpose. Our discussion has already pointed out the principal components of the mechanism of revolutionary worker democracy, and the finding is obvious that sufficient internal resources exist for having this democracy provide the environment necessary for participation by the masses in the immense creative activity of developing the new system. Utilization of these internal resources depends, however, on the extent to which the two processes proceed harmoniously, inasmuch as the degree of efficiency of participation depends on thorough vocational, technical and scientific, political-ideological, and cultural education of the workers and requires an advanced revolutionary socialist consciousness.

#### **Intensification of Political Educational Activities for Shaping and Developing Advanced Socialist Consciousness**

Aurel Piturca: In order for it to perform its increasingly important function in society, socialist consciousness must keep pace with the transformations in social existence and, what is more, must become a motive force in

the all-round progress of society. As Comrade Nicolae Ceausescu pointed out in his address at the recent Congress of Political Education and Socialist Culture, along with the outstanding results obtained in the process of forming and developing the socialist consciousness of the masses, certain deficiencies still remain in this area and are leading to the manifestation of contradictions from the viewpoint of socialist social consciousness as well. These contradictions are expressed in backward concepts and attitudes toward work, life, and society and in the persistence of mystical religious concepts and inappropriate behavior in family and society. Overcoming these contradictions requires intensification of political-ideological and educational activities so as to ensure elevation of the new consciousness to the level of the major accomplishments in the area of economic and social life.

Although the phenomenon of lagging of socialist consciousness behind social existence affects only some components of consciousness rather than consciousness in its entirety, the persistence of backward, retrograde concepts, mindsets, habits, and attitudes in the thinking of some persons has a negative effect on the material and spiritual progress of society. In his address at the recent forum on political education and socialist culture, the party secretary general stressed the need for contribution by all political education activities to expression of consciousness not just as a factor galvanizing society and social existence but one which anticipates the directions of future development, so as to be able to contribute to understanding of events, the requirements of social development, and general objective laws assuring efficiency of action carried out with full knowledge of the facts. Activation of the role of socialist consciousness is fully possible because of the scientific and revolutionary humanist values which this consciousness includes and promotes.

While fighting against fatalistic tendencies, our party acts at the same time to provide the objective material conditions for and to intensify political education activities to develop advanced revolutionary consciousness. Under socialism, a continuous cycle of determinations and mutual impulses moves between existence and social consciousness, from existence to consciousness and from consciousness to existence. The dialectical unity and interdependence of these two aspects of social life ultimately determine the entire process of social development and intensify the material and spiritual progress of our entire nation. Comrade Nicolae Ceausescu has on several occasions stressed the truth that the all-round social and economic progress of Romania requires ongoing conduct of thorough ideological, political, and cultural educational activities to shape the new socialist consciousness and develop the revolutionary spirit in all spheres of activity.

Dumitru Otovescu: I should like to point out in this context the special place held by political consciousness in social consciousness as a whole. It affords every

person the opportunity of understanding and accomplishing specific work in such a way that this work will be fully in keeping with the general tasks and objectives of development of society. Strong expression of the militant revolutionary spirit in all activities performs an increasingly important function in this regard. More than at any time in the past, during the current stage of development of our society the revolutionary spirit expresses scientific, dialectical, innovative understanding of social and political phenomena and steadfastness in expression of the new in social thought and practice. Stressing the need for consistently promoting the new in all areas of our society, Comrade Nicolae Ceausescu has pointed out that "there must be no reservation about taking measures to replace everything that is old and to make way for the new. There must be no fear whatever of promoting the new spirit, the revolutionary concepts of work and thought, in all areas." This is a cardinal requirement which today is set for our entire ideological front, and one which must contribute to implementation of the ideological program of the party; this program will ensure intensification of all political education activities aimed at molding the new man, the conscious builder of socialism and communism

Elisabeta Traistaru: Resolution of the contradictions manifested in Romania in the current stage does indeed depend on the quality of persons, on the extent of their knowledge, understanding, training, and competence, and the level of their socialist consciousness. This is based on the revolutionary concept of the world and life which is dialectical and historical materialism. Of course, the new socialist consciousness is forged gradually through struggle against the old, the backward mindsets and habits constituting a brake on expression of human personality. The struggle between the new and the old at the level of the consciousness is a law-governed necessity of the process of molding the scientific concept of nature and society. Conflict of different opinions no longer expresses opposition between antagonistic classes in our society, but rather a means of struggle between the new and the old at the level of ideas, attitudes, habits, and behavior. The decisive role in this conflict is played by the communist party, the vital center of the entire nation, which in performing its educational function seeks to mold the unified scientific concept of the world and life and strong communist convictions and advanced habits and behavior among members of society.

From the viewpoint of social consciousness contradictions and inequalities occur between different levels and zones of spiritual life, between the level of political consciousness and the level of professional and scientific training of various categories of workers. This is reflected in the manufacture of products of low quality, incomplete use of production potential and work time, departures from the standards and principles of communist life and work, etc. Instances of waste, theft of public property, and appropriation of goods without working for them express a lower degree of consciousness among

some citizens. I believe that an increasingly important role must be played in this context by the worker collectives, which can make a much greater contribution to the molding of advanced, superior moral and political traits. The persistence of retrograde, mystical, and obscurantist concepts in human consciousness calls for improvement in political education activities, more extensive application of the achievements of contemporary science and technology, and diversification of the forms and methods of education as a function of the level of training, age group, place of work, etc.

Increase in the efficiency of all activities for molding the new man depend to a great extent on linking these activities to actual conditions, on the specific tasks of each labor collective, and on strengthening collaboration and cooperation, under the leadership of party organs and organizations, among all educational agencies. In addition, the extensive political ideological and educational activities conducted by the party represent not only the chief means of transforming social consciousness into a powerful force galvanizing all-round progress

of the country, but also an essential means of resolving contradictions in our society. In this context, the documents of the 3rd Congress of Political Education and Socialist Culture and the address delivered by Comrade Nicolae Ceausescu on this occasion offer a rich storehouse of ideas, theses, and findings for raising the level of political ideology and the general cultural level of communists and all workers and for increasing their ability to understand the progress of phenomena and processes in our society and in the world, to adopt a correct attitude toward them, and to become active, full informed participants in attainment of the grandiose objectives set by the party. This ensures mobilization and utilization of some of the most important resources available to society in overcoming contradictions occurring during the current stage of development of Romanian society and in accomplishing uninterrupted progress by this society and steadfast advance by Romania along the course of socialism and communism.

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## INTRABLOC

### **Czech Participation at Romanian Trade Fair** 27000014 Bucharest REVISTA ECONOMICA in Romanian 16 Oct 87 p 30

[Text] The traditional Czech participation in the Bucharest International Fair is again this year making its contribution to the continuous strengthening of economic and commercial relations between Czechoslovakia and Romania. Czechoslovakia's particular contribution is in the area of machine construction where it emphasizes the extension of bilateral cooperation and cooperation in production and specialization in machine construction, metallurgy and the chemical industry.

The official Czech participation at the Bucharest International Fair is located in the "L" pavilion, taking up 1260 square meters inside and another 400 square meters immediately outside the pavilion. The state foreign trade enterprises Chemapol and Petrimex, which represent the Czechoslovak chemical industry, have their displays in the International Hall for Chemistry in the "V" pavilion.

Czechoslovakia is represented at the Fair by 15 foreign trade enterprises which offer primarily machines and installations, including entire investment complexes.

Strojimport is the largest exhibitor in the official Czech representation. Romanian commercial partners have known Strojimport for many years as the supplier of processing and moulding machinery, and textile machinery for the clothing and furs industry, tools and measuring devices as well as industrial complexes in the above-mentioned sectors.

The Skodaexport State Foreign Trade Enterprise has also worked closely with Romanian partners over the years in the hydroelectric industry.

The second basic export area of Skodaexport is metallurgy. In the Skodaexport inventory are complete assemblies in the hydroelectric domain—steam or nuclear—metallurgy tools, machine construction factories as well as parts of installations, electric locomotives, trolleys and machinery for processing tobacco.

The Technoexport State Foreign Trade Enterprise is the exporter of major industrial complexes, production lines and separate machinery for the chemical industry, for petrochemicals and for rubber processing. It also exports beer and sugar factories.

The state foreign trade enterprise, Technopol, has a display at the Fair of the BTH 41 packing machine which is built at the Sianicke Machine Construction Factory at Vlasim. Also on display are the SMZ stationary measuring devices produced at the Chirana enterprise in Stara Tura. Technopol offers investment studies, design, equipment deliveries, technical assistance in installation

and start-up, and personnel training. The waste water treatment plants which Technopol delivers are suitable for use at recreation centers, hotels, as well as villages and small towns from 100 to 30,000 inhabitants. The advantages of these installations are reduced investment expenses, low energy consumption and the possibility for the discharge of treated water into streams.

Pumps, casings and major investment equipment in water treatment produced by the Sigma enterprise and exported by Intersigma are permanent fixtures in Czech exports of products in the machine construction industry. The Sigma concern is one of the major European producers of pumps and casings and has a tradition of over 100 years of service which ensures rapid response to the demands of domestic and foreign clients.

Participation of the Martimex foreign trade organization at the Bucharest International Fair constitutes a new Czech exhibit. At its stand are the synchronized change-over gears of 60, 80, 100 and 160 horsepower which were prize winners at the Brno International Fair of Machine Construction.

High voltage electrical products are presented in the display of ZSE Prague Electrical Factory. At the Fair, ZSE is exhibiting various types of motors, contactless phase generators and dissector tubes, optical electronic devices, electric lights, vacuum contacts, semi-automated welding machines, welding rectifiers and clamps, cables, and materials for electrical installations. ZSE is also demonstrating impulse welding machines.

Motokov, which accounts for about one quarter of all Czech exports of products in the machine construction industry, is one of the most important foreign trade enterprises in the Socialist Republic of Czechoslovakia. Among the products it exports are: vehicles including semi-trailers, farm equipment and tractors, rubber products, machine accessories, garage and service stations, and bicycles. Economic cooperation with Romania, as well as specialization and cooperation in production, are on the increase. Motokov is displaying the Skoda 120 L at the Bucharest International Fair.

The exhibit of the Kovo State Foreign Trade Enterprise consists of electrical and electronic measuring devices, parts for the electronics industry, laboratory equipment, automation devices, light sources and telecommunications gear. The Kovo display illustrates the high level of quality achieved by Czech industry in this area.

Consumer goods and some investment objectives for the service sector such as dishwashers and washing machines are included in the exhibit of Merkuria, a long-time business partner of Romanian enterprises. Fair exhibits include electric hand tools, protective glasses, sunglasses, contact lenses, the Meoflex reader, accessories and watches.

Skloexport is the foreign trade representative for Czech glass. With its export volume and its wide variety of products, it is one of the largest firms in the world of its kind. Among its exports are household glassware, polished crystal, traditionally decorated artistic glassware, large window glass—from construction to automobile windshields, crystal lamps and chandeliers, Jena glass, and laboratory and technical glass objects including glass fibers. Technical and laboratory glasswares are the mainstay of the Skloexport exhibit.

The ground in front of pavilion "L" is dedicated to the exhibit of Strojexport, which is displaying five drilling pipes, two machines for pumping cement, and a suspension mine locomotive. Strojexport delivers equipment for surface mining and underground mining, freight cars and pneumatic technology, cranes, and warehouse equipment. Construction equipment and lift trucks which are manufactured by the ZTS heavy machine enterprises and which were formerly exported by Strojexport are now exported by the Martimex State Foreign Trade Enterprise.

The Czech chemical industry is represented at the Fair by two foreign trade enterprises, Chemapol and Petrimex. Chemical products have an important role in trade between Romania and Czechoslovakia and that role is expected to increase in the future.

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## HUNGARY

### **Strict Limits on Foreign Trade Rights Reimposed** *25000040 Budapest MAGYAR HIRLAP in Hungarian* *16 Oct 87 p 8*

[Article by Zoltan Muzslai: "The Preserved Monopoly—The Action of the Ministry of Foreign Trade: Enterprise Yes, Individual No; 100 Permits Withdrawn"]

[Text] A number of people have telephoned our editorial offices complaining that up to now they could conduct so-called supplementary foreign trade activity for foreign firms with permission of the KkM [Ministry of Foreign Trade]. But recently their permits have been withdrawn. What sort of permits are these? How many have been withdrawn and why? What are those activities not affected by the measure? We put these questions to Dr Gabor Banrevy, chief of the legal department of the Ministry of Foreign Trade.

To understand the background of the measure we must go back to 1949, to the nationalization of foreign trade. Since then the basic principle has been that only managing organizations—enterprises, cooperatives, economic associations—could be endowed with foreign trade rights. The 1974 Foreign Trade Law and its implementing decrees have defined what is to be regarded as foreign

trade activity. The Council of Ministers' resolution concerning execution of the law declared that private individuals could receive foreign trade rights only as an exception to carry out some task of a supplementary character. Similarly the implementing decree set down that services offered by private individuals to foreigners or in the interest of aiding their foreign trade activity qualified as foreign trade activity.

### **Not Without Profit**

One who wants to do such work must obtain the prior permission of the Ministry of Foreign Trade. Having this he can sign a work contract with his foreign client—through the Financial Institutions Center. This is the way it is according to a 1980 decree—of what was still the Ministry of Labor Affairs.

In the past 3-4 years more and more people have turned to the KkM for permits of this type—obviously parallel with the fact that private activity has strengthened in other spheres of the economy as well. As of the middle of this year, the legal main department of the KkM, which has been issuing permissions at the lowest level of authority since year before last, had records on 250 Hungarian citizens working on the basis of a permit.

In May of last year the ministry announced in the KULKERESKEDELMI ERTESITO [Foreign Trade Bulletin] that one should not count as foreign trade activity—and so KkM permission to sign a contract is not needed—such things as obtaining housing, organizing programs, interpreting or doing stenography or typing for a foreigner. The same announcement also spelled out for what supplementary foreign trade activities a permit could be requested. These include acting as a technical expert, quality control in receiving goods and so-called consulting work.

So now let us see what "fits into" the several categories. Well, in general one can get a permit for technical expert work when some foreign firm regularly delivers to Hungary, on the basis of valid commercial contracts, products the use of which here at home requires special expertise. For example, this might be a paint which has many users here at home and the use of which requires special know-how. But the examples might also include machines and equipment.

### **Those Who Acted as Representatives**

The next sphere is quality control, taking over goods, the essence of which is that on a foreign commission a suitably trained Hungarian contractor checks adherence to the manufacturing technology for products to be shipped out, constantly checks the quality, looks over the goods and takes over the finished product for the foreigner, or enforces the special requirements of the customer.

The consulting activity is the one most debated. Even the announcement of May 1986, already cited, noted that permits for such work would be issued only as an exception, on the basis of a special study of the justifications. This sphere involves not primarily technical but rather commercial type consulting, for which a Hungarian contractor can be requested if the foreigner needs a Hungarian consultant in the business or organizational part of contacts. There is no doubt that in certain cases a real need for such work may arise. Perhaps the most characteristic example might be acting as midwife for the founding of a mixed enterprise, authorization for which is most complicated today and requires fundamental knowledge of a number of special regulations. The foreign entrepreneur might with justice think that he needs an agent here who can help him find his way around and act in his interest.

This summer the Ministry of Foreign Trade dealt with the various forms of commercial representation of foreigners in Hungary and with the authorization practice connected with this and in this connection reviewed the authorization practice pertaining to foreign trade activity of a supplementary nature. It appears that the latter does not have and cannot have anything in common with commercial representation activity, although in more than one case practice indicates the opposite, Dr Gabor Banrevy noted. In the first place in the course of checking activity conducted on the basis of consulting permits it turned out that some of those with permits, overstepping their sphere of activity, had been conducting essentially sales, middleman, and thus representative activity as well—despite the ban unambiguously formulated in the announcement and in the permit itself.

How was this discovered? The KkM maintained the right to ask for written reports from those affected from time to time. And at the beginning of this year the ministry availed itself of this possibility. Partly from the reports born of the request and partly from information from other sources they came to the conclusion that some of the consultants were overstepping the authorized frameworks.

#### There Are Exceptions...

At a summer meeting the leadership of the KkM confirmed that it would not deviate from the previous practice according to which representative or sales work could not be authorized for private individuals. In no way can this be regarded as activity of a "supplementary" character. At the same time there are frameworks guaranteed in the regulation within which a foreigner can have himself represented on the Hungarian market either through state representative enterprises or by his own office—if he has received permission for it. According to the ministry providing representation in another form, especially on the basis of a work relationship established with a foreigner, is contrary to our economic policy goals.

In August of this year the Ministry of Foreign Trade reviewed the permits issued and withdrew those—effective at the end of February next year—which did not refer unambiguously to technical or goods take-over activity, that is it withdrew the some 100 licenses issued under the consultant heading. In answer to our question Dr Gabor Banrevy said that since 1985 about 15 licenses have been issued (thus the ministry held its ground in regard to authorizing consulting work only in exceptional cases). It was disclosed by the written reports that 35 to 40 had interpreted their licenses too broadly. The ministry allowed a 6 month grace period until the withdrawal of the permits.

The ministry did not initiate separate criminal law sanctions against consultants overstepping their activity sphere, although the laws would permit this. But in a few concrete cases the investigating authorities cast light on larger abuses and these cases are being examined.

The withdrawal of the permits is not a decision which cannot be appealed. In a few cases it may be possible to extend the time of the permit by a few months so the consultant can complete the work entrusted to him by the foreigner. The ministry is now promising that it will be careful to see that activity by private individuals which aids Hungarian export and the use of Hungarian services will not suffer harm.

Finally the chief of the legal main department of the KkM noted that in the course of issuing permits they will act with determination against the development of situations of conflicting interests. Permits for technical expert counseling and buying of goods will not be issued to persons who in the past 3 years had a business or other official contact with the foreign firm offering the commission, or with some agency thereof, or to persons whose immediate family had such contacts.

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## ROMANIA

### Results in Improving Economic-Financial Mechanism

27000016a Bucharest ERA SOCIALISTA in Romanian  
No 18, 25 Sep 87 pp 15-18

[Article by Barbu Gh. Petrescu, director general of the Central Institute for Economic Research: "Continuous Improvement of the Economic-Financial Mechanism"]

[Text] The intensive qualitative development of all the socioeconomic areas is the marking trait of the current stage, a stage of profound and significant revolutionary changes that the Romanian society is traveling on its unswerving advance toward new peaks of progress and civilization. In this light, the scope of the creative efforts

made by all the working people—the natural embodiment of all our people's complete engagement and efficient and responsible participation in building the comprehensively developed socialist society—acquires the significance of a conscious process of continuously improving all the facets of the socioeconomic life in keeping with the progress of the production forces, with a view to ensuring a permanent balance between their level and the character of the production and social relations.

The complexity of the current concerns regarding the development of the national economy, the quantitative and qualitative changes occurring in the development of the society, and the decisive importance of mastering and appropriately utilizing the economic-financial levers to promote material production highlight the significance of the consistent efforts made by our party and state to improve the socioeconomic leadership and organization.

The incontestable merit of the party secretary general, Comrade Nicolae Ceausescu, is that he has been resolutely militating to assert a new way of thinking and acting and a new manner of dialectically approaching the development of the Romanian society, based on an organic blending of tradition with creative receptiveness to what is new. Within the framework of this new approach, a central place is given to ensuring a complete accord between economic organization and leadership, and the production process. The specific manner in which the organization and leadership of all the socioeconomic areas is accomplished creates favorable premises for fully achieving the decisions of the 13th party congress and the basic goal of the current 5-year plan: promoting Romania to the rank of countries with an average level of economic development. Economic Dynamics and Requirements for Organizational and Leadership Improvements

The development and modernization of the production forces and the quantitative, and particularly qualitative changes made in 40 years of building socialism, especially after the Ninth RCP Congress, since our party and state have been under the leadership of Comrade Nicolae Ceausescu—an eminent revolutionary thinker, a brilliant strategist, and the founder of modern socialist Romania—have created conditions for the general and continuous progress of our fatherland. Within a historically short period of time Romania has changed from a poorly developed country into an industrial-agrarian state with a modern industry and a socialist agriculture in full progress. The industrial production is 100 times higher than it was in 1944, agricultural production is about six times higher, and the national income is more than 32 times higher. The new and modern industrial sectors that have been established provide over 60 percent of the national income. In these conditions, the people's material and cultural living standard has been

steadily increasing, that being the essence of the comprehensively developed socialist society in our country and the supreme goal of the party's policy.

The new path followed by all our people after the historic ninth congress, a path clearly outlined by the party secretary general, raised Romania to new levels of progress and civilization. The current 5-year plan continues the high rates of development and emphasizes a predominantly intensive, more efficient, and more quality-oriented growth in all the areas of material production, on the basis of the new scientific-technical revolution and the new agrarian revolution.

Such inspiring objectives can be conceived and achieved only on the basis of a scientific policy that takes into consideration both the general laws of development and the specific conditions prevailing at each stage, and whose final goal is to fulfill the Romanian people's aspirations for a better life, prosperity, and progress. The period following the ninth party congress was characterized by the establishment and implementation of a scientific strategy of building a comprehensively developed socialism, proceeding precisely from the creative application of general laws to the specific conditions of our country, by defining the objectives of each stage and mobilizing the entire national socioeconomic complex.

In achieving the strategic objectives of the socioeconomic development of the Romanian society, a primary role is played by the mechanism of socialist economy, which has been continuously improved since the 1970's, a mechanism that features the entire range of forms and methods of planned organization, administration, and leadership of the national economy, economic measures and levers, and norms and standards concerning the most efficient possible utilization of the material, human, and financial resources.

On the basis of innovative orientations of a great importance for our country's manysided development, marked by Comrade Nicolae Ceausescu's direct and decisive contribution, this mechanism has been continuously adapted to the requirements arising from the development and modernization of the production forces and from the deepening complexity of the various socioeconomic sectors and areas.

The most important distinctive trait of the process of improving the system of socioeconomic organization and leadership is the accentuation of its democratic, participatory character in keeping with the needs and opportunities inherent in the nature of the new social system. Already at the 1967 party national conference, Comrade Nicolae Ceausescu presented the basic principles of improving the leadership and planning of the national economy and its entire mechanism. On the basis of those principles, the first democratic bodies of collective management were established in enterprises, measures were adopted to better organize agricultural production and work, and the foundation was laid for an



efficient, modern system of cadres training and qualification. Extensive measures were also adopted to strengthen the management of all the socioeconomic sectors on the basis of the single national plan, in parallel with expanding the prerogatives of the collectives of working people in managing, organizing, and planning their activities, thus organically combining and correlating workers' self-management with the uniform management of the economy and with the enhanced role of the state in the administration of the people's socialist ownership of the means of production.

The dialectics of progress and the rapid and uninterrupted development of the production forces demanded and continue to demand a permanent and complete accord between the production relations and their development, and an optimal balance between the realities and needs of each stage of economic growth and the forms and methods of management and organization.

Within the framework of the socioeconomic realities of our country, workers' self-management, economic-financial self-administration, and self-financing—which are basic principles and landmarks of the new mechanism of economic management and leadership—are improving in close relationship with the general social-historical progress, the strengthening and modernization of the material-technical basis, the continuous amplification of the professional and political experience of the collectives of working people, the development of the socialist property, and the increasing role of the state in the management of all socioeconomic activities.

In the course of the socioeconomic development, measures were systematically taken concerning planning, material-technical supplies, economic-financial contracts, the organization and management of socialist units, work remuneration, and enhancing the responsibility of the bodies of collective management and personal responsibility for efficient economic activities increasingly oriented toward efficiently fulfilling the plan tasks and preserving the socialist property. In the current, complex conditions, the targets of improvement of the mechanism of our socialist economy are designed to obtain great efficiency in all economic activities and to raise the quality of work products, something that is an indispensable condition for consolidating the process of preeminently intensive growth. The party focuses its attention on achieving the itemized and the production-commodities plans, especially that for export, promoting scientific-technical progress, raising labor productivity, efficiently utilizing production capacities, better utilizing material resources, precisely observing the norms of consumption and reserve stocks, and ensuring a high technical and quality level of production and greater profitability.

#### **Basic Principles and Norms of Economic Organization and Management**

The basic legal framework of the new period in our country's modern history, opened up by the ninth party congress, is the Constitution adopted in 1965. While

sanctioning the role of the RCP as the leading political force in the society, the Constitution also specifies the overall system of democratic leadership of the socioeconomic life, as well as the organizational forms of workers' revolutionary management and of broad mass participation in leadership. In the past 20 years, the role of the Grand National Assembly and of the people's councils increased, collective bodies and decisionmaking councils were established in central and local state institutions, councils of working people were organized in enterprises and socioeconomic units, and the general meetings of working people were institutionalized.

Thus, an extensive democratic organizational framework was created to ensure the participation of all the working people, regardless of nationality, and of all social strata in the leadership of the society. Our country currently has a unique democratic system based on socialist ownership of the means of production, in which the working people consciously decide all the domestic and foreign policies of the country and their life and future. The socialist economic mechanism itself is an expression of the extensive democracy sanctioned by the law. The people participate in management both through the means of representative democracy and through those of direct democracy from job level all the way to the national level. Along this line we must emphasize that the constitutional changes made last year make it possible to consult all the people on the most important decisions concerning the activities, life, interests, and future of all the members of the society.

The socialist state is directly responsible for the operation of the economic mechanism, because it is the state that organizes, plans, and leads the entire economic life. After the ninth party congress, steps were taken to steadily improve the manner in which the socialist state bodies, in close cooperation with the bodies of workers' self-management, ensure the balanced and even development of the national economy. At the same time, the responsibility of each working collective to the society for the management of the production resources entrusted to it and for strengthening economic-financial self-administration also progressively increased.

In point of fact, the economic mechanism is the mechanism of socialist reproduction in its entirety. It cannot and must not be reduced to any of the specific mechanisms of a given sector, area, or domain, because it represents the totality of mutual relations and interactions among all the elements of the system of socialist economy. Legally speaking, the economic-financial mechanism is a series of norms that regulate the organizational and operational framework of the national economy in all its facets, aspects, and components.

The uniform national plan of socioeconomic development of the country is the basis of the entire economic mechanism. According to the law, the national plan is the means by which a balanced socioeconomic development is achieved; it incorporates the objectives and

means of implementing the party's policy of building a new society and it concentrates and guides the resources of the national economy toward steadily increasing the production forces, raising economic efficiency in all the sectors of activity, and continuously increasing the national income and the people's wellbeing.

The law has given legal power to the tools of management and achievement of planned activities both on a "vertical" and a "horizontal" plane, at all the levels, and has institutionalized basic principles such as: the organic blending of workers' self-management and enterprise self-administration with the planned and uniform management of all socioeconomic activities, under the conditions of applied democratic centralism; collective work and management, and broad participation of the working people in discussing and adopting decisions at all managerial levels; organic blending of departmental planning with branch and regional planning; harmonization of the plan proposals, beginning with the basic units, with the general balance and options of the economy; basing economic plans on contracts; and coordinated implementation of the system of material incentives, economic-financial levers, prices, etc.

A series of legal acts, which supplement the general norms envisaged in the plan law, concern specific areas of implementation of the national uniform plan, such as: the management of material resources and fixed assets; material-technical supplies; financing investments and production activities; the organization and management of state socialist units; the achievement, planning, targets, and payment of profits; the regulation of foreign trade and international economic cooperation, etc.

Another basic legal tool of the national economic mechanism is the economic contract; it is made up of a series of norms that regulate the relations established among economic units within the process of achieving the tasks envisaged in the uniform national plan. The general norms are laid down in the law of economic contracts; regulations also exist for specific areas of applicability (supply, design, scientific research, bank loans, and other contracts). The timely and optimal fulfillment of economic contracts is particularly important, and these legal instruments demand that the partners act resolutely and responsibly to fully comply with all their obligations, reduce the time required to secure supplies and complete manufacture and sales, speed up the moving rate of circulating assets, and efficiently utilize all material and cash resources. Aside from ensuring the conditions for achieving the plan tasks, economic contracts also play a direct and very important role for monitoring the fulfillment of those tasks.

In the course of improving the economic mechanisms the law concerning economic contracts was also amended. Thus, disputes between contract partners (socialist units) have been transferred from the jurisdiction of the State Arbitrage to that of the courts for the purpose of enhancing the responsibility of the units for observing

plan discipline and contract obligations. Some of the major regulations defining the economic mechanism concern the establishment of industrial centrals and their organization and management. The purpose of establishing these centrals is to bring the leadership closer to the production, broaden the basis of decisionmaking and the responsibilities of the managerial cadres, deepen the functional and operational autonomy of the economic units, raise the efficiency of economic-financial levers, strengthen order and discipline in production, and so forth. The centrals have their own plan and play a decisive role in the determination and implementation of the plan.

The legal framework for the regulation of the activities of the economic units is based on the same fundamental principles: democratic centralism, workers' self-management, and economic-financial self-administration. In harmonious correlation with the uniform leadership of the entire economy, the increased functional autonomy of each enterprise is designed to promote the active and direct participation of the working people in the managerial process and to ensure that the socialist units fulfill their obligation to cover production and turnover expenses out of their own income, make profits from which to pay back the funds advanced by the society, promote their own development, participate in the general development of the society, and at the same time, secure resources allowing the working people to share in the profits.

Outside of the production sphere, a factor of a capital importance for the operation of the national economic mechanism are the financial-banking institutions. Our party and its secretary general, Comrade Nicolae Ceaușescu, believe that these institutions must play an active role, have a positive impact on, and consciously steer economic phenomena through a direct contribution to establishing the order of priorities of planned economic development, determining the optimal ratio and rates of economic growth, judiciously allocating the national revenues, continuously improving efficiency parameters, saving financial resources, and monitoring the fulfillment of the plan.

The regional administrative units are playing an increasing role in establishing the targets of socioeconomic development and supervising the achievement of the tasks issued. Their activities are decisive for the dynamic and harmonious development of the production forces throughout the country, for eliminating the gaps between the levels of economic development of the various areas, and thus for ensuring equal living conditions for all our country's inhabitants, regardless of nationality. The regional administrative units have a broad scope of initiative and ample means of action and of achieving major objectives, such as: gradually eliminating the essential differences between working and living conditions in the city and in villages, fully utilizing the resources of each area and locality, implementing self-supply programs at regional level, etc.

The new administrative-regional division of the country of 1968 served the purpose of bringing the regional leadership closer to the basic units and eliminating the intermediary "links;" at the same time, it strengthened the role of local state bodies and people's councils in managing all the socioeconomic activities carried out in counties, municipalities, towns, and communes in order to resolve problems concerning the more efficient organization of work at the local level.

The permanent national democratic bodies, most of which were established after the ninth party congress, play a primary role within the system of organization and management of the national economic complex and its operational mechanism. These bodies include the National Council of Working People in Industry, Construction, Transportation, Goods Turnover, and Finance; the National Council of Agriculture, Food Industry, and Water Management; the National Council of Science and Education, and national congresses held in those areas; central party-state joint bodies, and so forth. These broadly representative national bodies and fora harmoniously supplement the system of organization and leadership of our society and constitute the most eloquent expression of the continuous development of socialist democracy, which is based on the participation of the masses in public life and government, and on the people consciously building their own fate.

The further improvement of organization and leadership at both micro and macroeconomic levels must contribute, as Comrade Nicolae Ceausescu stressed, to shaping and developing a revolutionary consciousness, promoting a revolutionary working spirit with increasing force, promoting what is new in all the areas, and enhancing each working person's responsibility for his activities and for the results obtained. The essential conditions for continuously improving the organization and leadership of all the aspects of socioeconomic life are disseminating progressive experiences, struggling against the negative situations that persist in various areas, and shaping a new attitude toward work. These are strategic objectives that our party and its secretary general personally present to the people as the basic directions of action for ensuring the rapid and many-sided development of the country.

#### **A Leadership Based on the Criteria of Efficiency and Quality**

The conscious management of the economy and of the society in general in the conditions of socialist ownership of the means of production and of continuously changing realities require not only a concentration of efforts at the national level, but also the establishment of a framework for promoting and expanding the individual initiative, contribution, and responsibility of working collectives. As the broadest form of direct participation of the working people in the management of the various sectors

of activity, workers' self-management implies and at the same time encourages the working people's competence, responsibility for, and interest in their own activities and results.

Expressing the entire system of relations of production, exchange, and allocation created in the process of expanded reproduction among united socialist producers, the workers' self-management reflects the unity between the leadership function on the one hand, and the practical activities of the working people on the other. Within the functional system of the Romanian socialist society the workers' self-management incorporates all the forms and methods of organization, administration, and collective management applied to all the levels of the national economy, both in economic and regional-administrative units, and at the central level.

The implementation and improvement of the system of workers' self-management in Romania involved two major groups of actions and measures: on the one hand, the creation and expansion of an institutional organizational framework, and on the other hand the identification and expansion of the range of issues with which workers' self-management has to deal. Within this framework, the role and prerogatives of the general meetings of working people—the supreme body of collective management and the form in which the working people systematically participate in debating and resolving problems concerning the establishment and fulfillment of the production plan, which is part and parcel of the uniform national plan of socioeconomic development, and in settling other major aspects of their work and life (organizing production and labor, ensuring economic efficiency, promoting cadres, etc.)—have been continuously increasing. As an expression of the democracy of the Romanian socialist system, the general meetings oversee the managerial bodies of the units, the working people's council, and its executive bureau.

The material basis for workers' self-management is economic-financial self-administration. The function of self-administration stems from each unit's obligation to observe the following economic rules of operation: using one's own revenues to cover production and turnover expenses; obtaining profits and contributing to the centralized fund used to meet the general requirements of the society; repaying the funds received to purchase fixed and circulating assets; using one's own funds to finance production and development; and providing material incentives and responsibilities for the entire collective for managing resources, reducing material expenditures, and increasing the value of newly created assets.

Within our economic-financial mechanism, in order to ensure self-financing and development, the enterprises enjoy autonomy in raising and utilizing certain funds, such as: the fund of economic development; the fund of circulating assets; the fund for housing and other social investments; the social activities fund; the profit-sharing fund; the fund for scientific research, technological

development, and promotion of technical progress; the fund for work safety, etc. The working people's participation in the development fund in the form of social shares is a significant expression of their right of direct ownership over a portion of the assets of their enterprise and of the endeavor to enhance their responsibility for safeguarding and developing socialist property and for increasing production profitability.

Raising the efficiency of socioeconomic activities is a primary objective to whose achievement are devoted the economic-financial mechanism and the entire uniform system of programs, measures, levers, means, and incentives at macro and microeconomic levels and for the short, medium, and long terms. According to our party and to Comrade Nicolae Ceausescu, the efficiency criterion requires a substantial increase in the degree of utilization of raw materials and in product quality, the intensive utilization of production capacities and fixed assets, continuous increases in social labor productivity, and reduced production costs—particularly material expenditures—thus ensuring that each unit judiciously manages the resources entrusted to it by the society and obtains maximum results.

As an operational tool of economic policy, the efficiency criterion is expressed in the measures and value levers featured in the economic-financial mechanism. The requirements of the current period of intensive qualitative development of the national economy considerably increase the importance of the factors that activate the growth of economic efficiency: scientific research, technological development and technical progress, superior organization of production and labor, modernization of production processes, and improved professional training.

The system of economic efficiency indexes used in the Romanian economic mechanism is based on the complete achievement of the itemized production plan, particularly for export, on improving the quality and technical level of production, saving and better utilizing raw materials and energy, also by recovering and reutilizing materials, etc. At the same time, a very important index is the profitability rate, which means obtaining maximum returns for each leu spent, something that in fact reflects the relationship between the results achieved and the total consumption of social labor. The following additional indexes are also pursued: labor productivity; investment efficiency (specific investment, recovery duration, production increase per 1,000 lei investment); fixed assets efficiency (returns and net, overall, and commodities production per 1,000 lei of fixed assets); raw materials consumption norms; degree of fulfillment of labor norms; product quality; net foreign currency increase; degree of intensive and extensive utilization of production capacities and raw materials, and of production updating; rate of circulation of fixed assets, etc. These indexes reflect the entire complexity of the issue of production quality and are used to activate the energies and factors that can produce the highest possible quality.

One of the basic indexes of social production efficiency is increased labor productivity. Stressing that socialism can be built only on the basis of the highest productivity, Comrade Nicolae Ceausescu stated: "We will have to resolutely implement measures to more markedly increase labor productivity on the basis of a better labor organization, automation, and other production mechanization measures. I think I do not need to emphasize the fact that, in our country's development, labor productivity is one of the basic requirements for implementing the programs of general development of the country and fulfilling the party's program in all the areas of activity."

The program on more markedly raising labor productivity and improving the organization of labor norms in the 1983-85 period and up to 1990, the special programs adopted at enterprise, central, and ministry level, and the law on increasing labor productivity and improving production and labor organization and norms constitute a cohesive system of legal options, measures, and regulations of a wide scope and long-term prospects, organically integrated in the elements of the economic-financial mechanism. The implementation of these measures and programs is aimed at doubling labor productivity by 1990, or even earlier in some areas of activity.

In the achievement of this objective, just like in the general development of the national economy, it is particularly important to implement the measures and actions featured in the programs of scientific organization and modernization of enterprises in the 1986-90 period, programs that are primarily aimed at introducing and expanding technical progress, sophisticated technologies, mechanization, electronics, robots, and cybernetics in production. In this broad and stimulating endeavor for the country's progress, an increasingly important contribution is made by scientific research and education, areas that are directly and competently led by Comrade Academician Dr. Engineer Elena Ceausescu, chairman of the National Council of Science and Education.

An extremely positive impact is exerted on labor productivity by expanding production concentration, specialization, and integration; complete utilization of machinery and production areas; timely supplies of raw and other materials and energy; organizing and expanding work on several machines; applying the most efficient forms of quality control, norms of work safety and hygiene; and raising the percentage of productive personnel. No less important are the other means of increasing labor productivity and efficiency, such as: continuous improvement of labor norms; raising the level of professional training; acquiring a second profession or several skills; efficient utilization of working time; strengthening order and discipline on all the jobs; and providing material and moral incentives.

The general results of the units, particularly in the area of efficiency, are indissolubly linked to reducing material expenditures and raising the degree of utilization of raw

and other materials, fuel and energy. In the last analysis, the effect of high efficiency is seen in high profitability, an index that denotes self-financing potential and capability to provide additional economic growth and incentives for the working people.

The economic-financial mechanism established and continuously improved in the years that followed the ninth party congress provides an extremely favorable framework for smooth and efficient activities in all the sectors of the national economy. The party and its secretary general, Comrade Nicolae Ceausescu, call on the communists and on all our people to do everything possible to fully capitalize on this mechanism in order to obtain, on the eve of the RCP National Conference, the greatest possible achievements in the fulfillment of this year's plan and the entire 5-year plan.

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### **Essential Role of Energy Engineering in National Economy**

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[Text] Nicolae Ceausescu said, "In the Eighth 5-Year Plan too we shall emphasize development of the energy and raw materials base as essential to the progress of the entire national economy."

Procurement of the energy requirement for the needs of the economy is one of the major problems of the present stage of Romania's development. Although energy has been used more efficiently and productively throughout the economy in recent years, two objectives are of outstanding importance in the present stage, namely increasing the proportion of energy resources from domestic production in the total energy consumption, and conservation of energy resources in all activities and especially in industry. As the industrial processes are modernized, reduction of energy inputs and conservation of all forms of energy are critical to procurement of the energy resources essential to the further steady development of the national economy. For that very reason the industrial output as well as those of the other economic sector are to be developed in the 2nd year of the current 5-year plan with better use of energy and fuels and considerably lower specific consumption in all industrial sectors. This means that every economic unit must implement the specified technological modernizations as soon as possible, eliminate all material and energy losses, and conserve energy in any form. As Nicolae Ceausescu said about this in his Report to the 13th Party Congress, "We must take very firm measures to improve technologies and reduce consumption of energy and materials per unit of output."

### **Evolution of the Ratio of Economic Development to Energy Consumption**

Energy engineering has become a vital factor for socioeconomic development in our present civilization. The whole industrial, transport and construction system is powered today by various forms of energy consumption. Agriculture, social-cultural activities, and the whole existence of society are based upon use of energy resources. Economic growth in general and industrial development in particular demand major inputs of energy and raw materials. Under these circumstances the known energy resources, upon which the present technological structure is based but most of which are unrenovable, will be unable to meet some constantly growing requirements unless research efforts are made both to discover new reserves of traditional fuels and to bring some new and unconventional energy sources into economic circulation. The present conditions as well as the forecasts for the more or less distant future demand, in addition to more intensive efforts to develop new resources, worldwide adoption of the most effective possible measures to make more productive use of energy resources as well as development and rational use of energy alternatives according to the extent and quality of the available primary energy resources and the socioeconomic policy of each individual country.

In their steady effort to develop the national energy system the RCP and its secretary general regard expansion of the energy base as a vital factor for economic growth and an integral part of national socialist construction. The nation's energy base has been intensively developed since the Ninth Party Congress, in close correlation with the potentials and needs of the national economy. Extensive efforts have been made to discover new reserves, to bring new deposits into economic circulation, as the extraction and processing technologies were improved, and to broaden the extraction front in the mine-working units. Consequently, substantial investment funds were allocated in the 1966-1985 period to new energy, drilling and mine-opening installations, namely 74.5 billion lei to the coal industry, 123.4 billion lei to the petroleum industry, and 19.2 billion lei to methane gas extraction. Investments exceeding 224 billion lei were allocated in the last 20 years to development of the heat and electric power industry. In the current 5-year plan 32 percent of the total volume of industrial investments are in the extractive sectors together with the heat and electric power sector.

Increasing procurement of energy and raw material resources out of domestic resources and their rational use are critical to the entire economy's further steady development. Better exploitation of domestic resources is essential to formation of a sound basis for present and future economic activity.

Energy conservation measures, calling for a review of the priorities in development of the national economic sectors, are essential among the efforts to expand the

domestic energy and raw material base. To that end, the documents of the 13th RCP Congress specify rapid development of the technically progressive sectors, technical improvement of all industrial sectors, and more intensive restructuring of industry and especially the less energy-intensive sectors. And alongside more intensive development of the highly technical sectors (precision machinery, electronics, electrical engineering, automation), the current 5-year plan calls for lower inputs in the energy-intensive industrial sectors making products on a relatively low or medium technical level.

The Program for Raising the Technical and Qualitative Levels of Products, for Conserving and Reducing the Inputs of Raw Materials, Fuel and Energy, and for Their Better Use in 1983-1985 and on to 1990 was drafted in view of the interdependence today among quality, technical level and degree of exploitation of live and materialized labor. It specifies a number of courses of action to lower the specific inputs of energy and fuels by recovering reusable energy resources, regularly promoting substitutes for scarce and expensive materials, processing raw materials more intensively to obtain increasingly valuable products from every ton of conventional fuel consumed, reducing the size and weight of products, managing all raw materials, fuels and energy with a high sense of responsibility while strengthening the spirit of order and discipline in their management, and eliminating any kind of waste.

Geologic prospecting has an important part to play today in supplying the national economy with energy resources, and it has been extended over the whole area of the country in order to delineate the areas with new deposits of energy resources. Moreover geologic prospecting and technological engineering operations were stepped up for purposes of drilling for and extracting hydrocarbons at great depths and on the Black Sea Continental Shelf and also for exploiting the reserves of coals and combustible shales in deposits difficult to work.

In view of Romania's potentials, coals are a very important energy resource. Increasing the coal output to more than 100 million tons in 1990 is essential to Romania's further rapid progress, and it will make major structural changes in the installed capacities of the electric power plants. Due to the rapid growth of the heat and electric power output of the power units burning lower-grade coals, the proportion of that output in the current 5-year plan will overtake that based on hydrocarbons for the first time. It is an important and extensive change that proves the correctness of the RCP's energy strategy of conserving the domestic hydrocarbon reserves.

The special material and manpower efforts to secure an optimal level of crude-oil production took the form of improved extraction technologies and a higher final factor of recovery of crude oil from deposits by means of some advanced methods (injection of thermal agents and surface-active substances, underground combustion and trying some mining extraction methods). The progress

made in crude-oil extraction is supplemented by the outstanding achievements in marine drilling, in revealing the reserves on the Black Sea Continental shelf and extracting the first quantities of oil.

Full use of the national hydropower potential is a major aim of development of Romanian energy engineering. The small hydroelectric power plants will be increasingly important in this field, since they make better use of local energy resources and relieve the national power system of some minor consumers that those power plants can supply.

Nuclear energy engineering is of particular interest today. Romania is implementing an extensive program to develop that energy field, which program provides both for activation of the first nuclear-electric power plant and for preparation of nuclear fuel, production of heavy water, and manufacture of the equipment.

From now to the year 2000, expansion and prudent management of the domestic base of raw materials, fuels and energy are vital to the rapid development of the whole Romanian economy. The modernization programs drafted in pursuance of the 13th RCP Congress' decisions permit steady development of the energy base. For the short term, those programs are to be viewed in the light of Romania's effort to lower its foreign exchange outlays on large quantities of imported fuels and electric power. And Romania will emphasize development of the energy base in future 5-year plans as well, in view of its essential role in building a balanced, harmoniously developed national economic complex that can counteract any disturbing external influences upon the national economy.

The transition to predominantly intensive economic development requires both a more efficient use of energy and a pronounced structural change in the production of primary energy resources through substitution of lower-grade solid fuels for hydrocarbons in the combustion processes, since the former provide adequate technical-economic effectiveness despite their relatively low energy content. Moreover the efforts to expand and better exploit the domestic fuel and energy base include measures to reduce the specific inputs in all activities and also to obtain a national income per unit of energy consumer comparable with the economically advanced countries' results.

### **Conserving Energy by Recycling Energy Resources**

Revaluation of the energy strategy in view of the fact that the natural resources that can be exploited with the present technologies are mostly exhaustible and increasingly expensive to obtain leads to reconsideration of the way all economic units are using the energy resources. This is being done now by taking firm measures to conserve energy, to improve the consumer installations and to recover the reusable energy resources for recycling.

The RCP's policy of conserving the primary energy resources and recycling the reusable ones makes it possible to conserve domestic resources longer and to harmonize the present and long-range interests and the present and future needs. This also overcomes some restrictions that may arise in economic growth, especially in a country like Romania, which is not rich in raw material and energy resources.

Recent studies have shown that the rising production costs of primary energy resources make recycling of reusable energy resources low in energy potential or difficult to recover economically effective and energy-efficient because they provide a net energy at a cost comparable with that of primary energy processing. In most industrial sectors recycling of reusable energy resources has made it possible to increase the thermal productivity of the technological process (by preheating the air for combustion, or obtaining energy bearers with low potentials like hot household water, saturated or superheated steam, etc.). At the close of the 1981-1985 5-Year Plan, when internal energy consumption had increased, 14.6 percent of its total was in recycled energy resources. In view of the many opportunities industry offers to step up exploitation of reusable energy resources and in view of the programs to be implemented in the current 5-year plan, it is estimated that by 1990 the volume of recovered resources will exceed that obtained in 1985 by more than 5.8 million tons of conventional fuel. In order to carry out those important provisions, installation of waste-heat boilers and heat exchangers is to be completed as soon as possible in all industrial installations that permit recycling energy in the form of electric power, thermal energy, hot water, etc.

At present increased production of coal, electric power and crude oil requires substantial investments staggered over several years, so that it is becoming more efficient to recycle energy resources because that requires less investment per ton of recovered fuel and the time of recovering the investment is relatively short. And in connection with the efficiency of exploiting energy resources with low potentials, it should be noted that at present the cost of the recovered energy has become comparable with that of the primary energy that generated it, to say nothing of the fact that in general the installations for recovering energy do not require additional personnel to operate and maintain them, making it abundantly clear that it is useful to generalize such installations and that it is efficient to include them in the national energy reserve.

World experience and that of Romanian industry show that recycling energy resources with low potentials or difficult to recover is an alternative that must be used to its economic limit. Therefore, to increase the contribution of those resources to the economy's energy requirement and to conserve important primary energy resources, it is necessary to promote some general programs such as modernizing industrial technologies and eliminating

the intermediate cooling-heating stages as far as possible; developing technologies for cooling heated materials, wastes and products with the most efficient recovery of the energy; greater efforts to construct and activate installations for recovery and use of energy resources according to the existing programs; specialization of industrial units in order to obtain capacities for recovering energy that include the entire process of research, design, construction, installation and activation of the installations; stepping up interdisciplinary studies in order to solve the complicated problems or recovery of the various kinds of reusable energy resources, and study and generalization of measures to permit storing surplus thermal energy in the warm season.

### **Implementing the Investment and Modernization Programs**

Among the general efforts to increase electric power production to perform the major tasks set by the party and state administrations, special emphasis is now being placed on making the generating sets more available, securing continuous operation of the coal-based heat and electric power stations, strict observance of the program for maintenance, repairs and inspections, improving their execution, and activating the new power capacities on time. As Nicolae Ceausescu said at the Plenum of the RCP Central Committee in March 1987, "There is no problem more important to general development this year than a definitive solution of the power problem."

Attainment of these objectives vital to the national economy's needs requires an extensive mobilization of forces to increase the output of power resources and to complete the investment program in the power sector. It is planned to build 50 new coal-based capacities this year in hydroelectric and nuclear-electric units, amounting to more than 30,000 tons of equipment. Therefore all forces and especially those in the supplier units must be concentrated on building the new power capacities on time and on a high technical and qualitative level. If the deadlines on activating the new capacities planned for this year are to be met and if the arrears from 1986 are to be recouped, the other elements involved (designers, builders and beneficiaries) as well as the equipment suppliers must work for strict conformity of the operations to the work schedules and for maintenance of a constant work rate at the construction sites. Rapid action must also be taken to remedy all the defects that existed in 1986 in investment activity through the whole channel from builder and beneficiary to equipment supplier.

In order to increase the electric power output of the new coal-based generating sets, it is essential to make the equipment more available. Failure to produce the planned electric power output last year was due to the low indicator of availability of the generating sets caused by incomplete implementation of the investment and modernization program, delayed repairs on some generating sets, or undue "compression" of those operations. Although there has been some improvement in the



repairs in recent years, they are still not keeping all the generating sets in operation in good technical condition, and the low availability indicators at some coal-based power capacities reveal the unsatisfactory quality of the capital repairs made. Moreover the analyses that have been made show that some coal grinders are operating with unsatisfactory productivity due to the impurities with which the coal is delivered and especially the quality of the repairs, which are often subjected to heavy stresses. Of course if more attention were paid to grading the coal and if the heavily stressed spare parts were made by the producer according to the requirements, many of the defects in the operation of the grinders would be avoided and the reliability of the equipment would meet the planned standards.

Elimination of the defects appearing last year calls for greater responsibility on the part of all operators of generating sets in the sense of observing technological and production discipline and also on the part of those with the task of making current and capital inspections punctually and efficiently. Strict observance of the program for repairs and their improvement requires some new repair technologies along with a qualitatively and numerically adequate labor force as well as delivery of spare parts and subassemblies within the planned time limits.

The power units can be adjusted to the conditions caused by the wide variety of coals provided by the mining units (which sometimes differs appreciably from those envisaged in designing the technological installations for coal management and those for grinding it) by performing the specified modernizing operations as rapidly as possible. It is mainly a matter of modernizing and enlarging the capacity for coal management by creating some new coal supply lines, increasing the storage areas, enhancing the capacity for grinding coals by improving the installations for the purpose, expediting unloading of frozen coal from freight cars by treating it with residual hot air, etc.

Intensified modernization of the whole economy is intended to accelerate development of production on the basis of advanced technology, to further increase labor productivity, to improve product quality, and to obtain high economic effectiveness, in addition to reducing energy inputs and conforming to the approved consumption norms. In order to accomplish those aims, the programs were finalized for the second stage of the modernizing process. Improvement of manufacturing technologies through expanded mechanization and automation and introduction of flexible lines and elements, manipulators and industrial robots is being specially emphasized among the actions being taken this year. Attainment of the goals set for modernizing the energy sector also depends on implementing these new technologies. The results obtained in Romania as well as world experience prove that modernizing energy equipment while improving the technologies for industrial use of energy results in considerably lower energy inputs and an overall gain in the efficiency of the industrial process.

### **Greater Contribution of Research to Development of the Energy Base**

Increasing the contribution of scientific research to the accelerated all-around progress of the economy is a main point in the RCP policy and a process that is being implemented in the programs for scientific research, technological development and introduction of technical progress drafted under the leadership of Academician Dr Eng Elena Ceausescu, chairman of the National Council for Science and Education.

An overall approach to the energy problem from a systemic viewpoint, as in the Program-Directive for Research and Development in the Field of Energy in the 1981-1990 Period and Main Guidelines up to the Year 2000, indicates that production and consumption of energy resources can be balanced only if the growing total consumption of energy (obviously within rational limits) is supported by discovery of new sources of conventional energy, complete use of the hydropower potential, and effective measures for maximum recovery of reusable energy resources.

In the current 5-year plan scientific research has greater tasks in such fields as automation and rationalization of the industrial processes by energy criteria, computerized management of the national energy system, reduction of the risk of breakdowns and losses of energy throughout the cycle from producer to user, and discovery of new measures for economically effective use of solar energy, wind power and geothermal energy.

Scientific research is also expected to increase its contribution to reduction of energy inputs and highly efficient use of energy. In stressing this need Nicolae Ceausescu also pointed out that "Scientific research must make a greater, more direct and more prompt contribution to solution of the problems... of better use of material resources and lower specific inputs of raw materials, promotion of modern technologies, renovation of production, and assimilation of products with better characteristics." The research subjects in this direction are modernization of production technologies to reduce the inputs of energy and energy-intensive raw materials, further productivity growth in energy installations, complete recovery of energy resources discarded in technological processes, generalized recovery of reusable energy resources from cooling waters, exhaust gases, heated products and wastes directly or by means of heat pumps, replacement of machine processing with unconventional processes (electronic, ultrasonic, radiations or plasma), expansion of biotechnologies as alternatives to energy-intensive processes, greater productivity of all motors, reduction of energy-intensive technological stages, etc.

Among the efforts to produce new substances and products with higher qualities that require low energy inputs, scientific researchers in the fields of physics and nuclear energy engineering are to increase their efforts to find



technical measures permitting industrial use of the physics of heavy ions and transuranium elements, production of new materials with special properties, and development of modern technologies to provide and make better use of the fuel needed for nuclear reactors. For the other industrial sectors, new highly alloyed steels and some special alloys essential to the peak sectors of machine building will be obtained through implementation of the approved priority programs, as well as modern technologies for better use of the energy and raw materials base, especially in crude-oil processing and petrochemistry, and new equipment with high performances, greater productivity, and lower inputs of energy and fuels.

Implementation during the current 5-year plan of the broad provision of the energy program requires manufacture of new kinds of equipment for mining, digging well, sand exploiting crude oil at great depths and in the off-shore area, greater availability of 330-megawatt generating sets, and reduction or even elimination of hydrocarbon additives to support combustion in coal-based boilers. Investigation of new and promising technologies for energy-efficient use of lower-grade coals in electric power plants (combustion in a fluid bed, complete gasification in installations with a combined gas-steam cycle) is intended to secure a series of technical measures both for the new power units to be built in the next 5-year plan and for modernizing the existing coal-based capacities.

In the same context of problems of developing the national power system with high effectiveness, scientific researchers also have the priority task of devising more productive measures to maintain the quality of the environment in all respects, to check the pollutants discharged into the air and into watercourses, to limit the occupation of lands, and to exploit the sulfur, slag and ashes resulting from the combustion processes in thermoelectric power plants in an economically useful way.

An increasingly important contribution of scientific research to implementation of the energy program is an honorable duty of the specialists, researchers and all workers in that field as well as a prerequisite for complete fulfillment of the tasks set by the 13th RCP Congress to develop Romanian energy engineering in full accord with the requirements for intensive economic growth and with Romania's socioeconomic progress in general.

5186/12232

#### **Industrial Equipment Presentation at Bucharest Fair**

27000013 Bucharest REVISTA ECONOMICA  
in Romanian 16 Oct 87 p 8-9

[Article by Ioan Georgescu: "Romanian Industry—A Prestigious Presence at the 13th Bucharest International Fair"]

[Text] The exposition complex at Scinteia Square opens its doors for 9 days beginning 17 October to host the most important commercial event of the year—the Bucharest International Fair.

This year's Fair, which is considered to be among the prestigious commercial exhibitions in Europe, will bring together a large number of Romanian and foreign exhibitors and it will present a synthesis of the world's latest achievements in most of the industrial sectors. About 500 firms from 37 countries will participate at the Fair. Twenty-seven countries will have national pavilions including: the Soviet Union, the German Democratic Republic, Yugoslavia, the People's Republic of China, Czechoslovakia, Hungary, Poland, Bulgaria, Cuba, Canada, the United States, Austria, the Federal Republic of Germany, Italy, Israel, Japan, Norway, Australia, Belgium, Brazil, Turkey, Greece, Columbia, Senegal, Chile and, for the first time, Sweden and Argentina.

Firms participating individually include companies located in the above-mentioned countries as well as from Great Britain, Cyprus, Denmark, Switzerland, France, Liechtenstein, the Netherlands, Peru, Portugal and Spain. The list includes firms who have had a long and traditional participation at the Bucharest International Fair as well as firms which are participating at the Fair for the first time. Among those presenting products with prestigious brand names are Pye Unicam, Rank Xerox, Shell, and I.C.I. from the U.K.; Cheminst, Fr. Wilhelm Pechiney and Eichorn from Austria; Balcan from Bulgaria; Motokov, Chemapol, Skoda-Export from Czechoslovakia, Crescent from Cyprus; A.E.C.L. from Canada; Bruel-Kjaer from Denmark; C.C.I. and Jade from France, Burman, Kirckfeld, M.A.N., Handels Contor Schorsch and Metallgesellschaft from the F.R.G.; Ansaldo, Coe-clerici and Agriprom from Italy; T.T.I. and Komplexa from Liechtenstein; C. Itoh, Marubeni, Kanematsu, and the Ikehara Corporation from Japan; Philips, Unilever and Peja-Export from the Netherlands, Bumar from Poland; Industrias Electronicas Concard from Peru, Amorim and Subercor from Portugal, Energrup from Spain; Dow Chemical, General Electric, I.C.E.C., Ingersoll Rand and Moody from the U.S.A., Avioexport, Machinexport, Mashpriborintorg from the U.S.S.R. and MOM and Komplex from Hungary.

At the same time, the Bucharest International Fair presents an excellent opportunity to compare yearly the achievements of our country with those of the other exhibitor nations.

In the 43 years of independent development, socialist Romania has taken a giant step forward on the road of progress and civilization. And since this is a general fair with a strong accent on the industrial sectors, let us review some significant statistical data concerning the Romanian economic evolution over the past 4 decades.

The position of industry as the leading branch of the economy strengthened with each 5-year plan. All together, the volume of industrial production has grown by 17 times in the interval 1945-65, and 6.6 times in the period 1966-85. In only 55 days in 1986, the entire industrial production of 1965 was achieved. With the creation over the past 2 decades of more than 250 industrial zones and worksites, every county has become a territorial unit with strong industrial development and with a vibrant socio-economic life.

In this massive effort of developing and of continuously improving our position in the international division of labor, the development of science and technology in our country has played a determining role. If today we obtain 90-95 percent of our required machines, tools and installations through our own scientific research and domestic production, it is, for the most part, due to the work of the 215 institutes and centers of scientific research and to their over 260,000 scientists, researchers, technicians, and workers. These Romanians are today preparing for tomorrow's industrial and agricultural production that will ensure the competitiveness of Romanian products.

Science and technology has a decisive role in carrying out the programs of elevating the technical and qualitative level of products and of improving and modernizing production. Thus in the period 1976-1985, over 15,000 technological processes or methods were designed or improved, and over 10,000 new materials and consumer goods were introduced.

In the current 5-year plan, over 8,000 priority objectives are being developed in the scientific research and technology engineering institutes; these will assist in the introduction into production of over 3,000 new or improved technological processes or methods. They will contribute to the growth of industrial productivity, to that 50 percent of the increase that stems from technical advances, and these objectives will raise by 30 percent the level of exploitation of raw materials, fuels and energy.

The contribution of Romanian science and technology in this period of intense economic development is also reflected in the role it has played in the ever wider application of automation and mechanization systems in the economy. If in the 1980-85 5-year plan, 130 systems of complex automation and mechanization production processes in industry were created, by the end of the current 5-year plan, over 90 percent of industrial production is to be realized with the aid of automated and mechanized systems.

A particularly important part of an international fair is its promotional role. The Romanian exhibit at the Bucharest International Fair is taking advantage of the fact that much more can be displayed here than at any

foreign exhibition. The exhibit demonstrates the profound changes in the structure of various sectors of the economy due to the more accelerated rate of development in certain domains that are at the forefront of technical progress.

Thus energy has grown by 53 times in the postwar period; machine construction and metalworking has grown 500 times over the same period, while the electrical and electronics industry has grown by 1500 times, and fine mechanics and optics by 50 times in just the last 22 years. Of note is that 85 percent of the current fixed assets in the national economy is the result of the intense investment program carried out over the past 22 years.

All of these essential modifications in Romania's economic structure have created the basis for the continuous development of our country's foreign trade and international economic cooperation. Over the period 1965-1985, the volume of foreign trade has grown 820 percent, of which exports have grown 930 percent. A particularly significant aspect of the structure of this trade is the growth in the percentage of highly-processed exports (machines, tools, vehicles, chemical products and other industrial products) from 36 percent in 1965 to over 60 percent in 1985.

At this year's Fair, the host country will present its export program in the stalls of 25 Romanian foreign trade enterprises, tens of industrial centrals, hundreds of enterprises providing goods or services, scientific research and engineering technology institutes, and cultural and artistic production institutes. All branches of industry are represented here with a full palette of products, most of which are new or updated.

On the first floor of the central pavillion "A" are the latest advances of Romanian industry—machine tools, electronics and electrical engineering, computers, communications technology, lasers, microwaves and medical technology—in other words, a concentrated nucleus of high technology.

Here the prestigious institutes of scientific research and engineering display their latest achievements, as do the numerous industries from the Bucharest electrical industrial park and from similar industrial parks around the country. For example, I.P.A. Bucharest is the producer of a number of very sophisticated equipments—a family of microcomputers in the Ecarom 886 process within Multiprom; Ecarom-F for the cement and metallurgy industries; the SIDEF System for program development with microcomputers also within Multiprom; the SUTA unified system for automated testing; the CADMOS System for interactive computer-assisted design; the CADEP System of computer-assisted design for circuit-board schematics; equipment for energy distribution and traffic control; various devices and instruments for automation systems (equipment for avoiding ship collisions, infrared and ultraviolet fire detectors, ultrasonic flow-gauges, antiexplosive analyzers, thermoconductimetric

analyzers for gasses, programmable registers, anemometers, vertical and horizontal wind vanes, windspeed distribution analyzers, ombrometers, pyrometers, electrohydraulic regulators, single channel regulators, control assemblies with signalling and the numerical control equipment Numeron-620 and Telerom MUX-R).

The Bucharest enterprise, Automatica, starting with the RIP 63 robot, has developed a more complex system, the PTP robot (Control R plus RIP 63), and then welding robots, a roboticized line of spotwelding for Dacia automobile chassis also equipped with the RIP 63, the AP201 and AP217 programmable machines and the system controller, comprised of an Argus computer, the operator console and the process coupling unit.

In the Electronum Foreign Trade Enterprise stand, the Bucharest Enterprise for Automated Elements, F.E.A., displays the Ecarom 831M, a new system for automated control and supervision of industrial processes; a microcomputer for precalculating loadings of ships; the Egopec 30, equipment for operational control by the consumer of power and energy; the Eprom automated memory programmer; analog microprogrammers and various equipment for monitoring temperature, pressure etc.

The Enterprise of Industrial Electronics and Automation, Cluj-Napoca, presents the Telerom P386, a modern microcomputer designed for automated monitoring devices with the sensors in the medium or in the process, automated equipment for signalling systems, for monitoring galvanizing processes and for paramagnetic analysis.

The Enterprise of Transducers, Pascani, one of the new electronics industry enterprises, presents a wide variety of electronic devices necessary for automating production processes and scientific research. These include an electronic temperature and pressure regulators, an electromagnetic detector, a flow gauge with a turbine, a portable electronic tachometer, a discharge detector, an electromagnetic detector and an electronic pyrometer.

The Electrotehnica Enterprise, Bucharest, is also present with its latest high technology products, displaying its transistorized direct current drives for industrial robots, x-ray meters for dentistry, the Etiroll portable roentgen meters, and drives with step-by-step motors.

In the communications arena, the Electromagnetica Enterprise, Bucharest, presents a wide variety of modern, functional and esthetically-pleasing telephones, the Sintax 600 electronic telephone exchange, terminals for secretaries, for telex, concentrators, etc.

The new enterprises in this technology located in Alexandria and Medias, exhibit—in the case of the former—industrial intercoms, exchanges for callboxes, and electronic relays and—of the latter—servomotors, micromotors for profile systems, and various types of relays. The

Center of Scientific Research and Engineering Technology for Telecommunications displays a new hand telephone and a dispatcher installation, while the Institute of Scientific Research and Engineering for Electronics exhibits a navigation receiver for satellite signals. The Enterprise of Industrial Electronics, Bucharest, completes the wide variety of modern communications equipment with naval program distribution stations, a naval radio receiver, an industrial intercom, a device for television signals amplification and distribution while Tehnoton, Iasi, adds an automated naval direction-finding device. The stand of the Enterprise of Measurement and Industrial Electronic Equipment, Bucharest, displays high-performance, miniaturized, electronic radiotelephones.

The enterprises within the electronics industrial central display a variety of Romanian computers at the Electronum stand: the Felix 500; the Coral 4 031 Microcomputer; the Independent 1 104 F/4 MS; the Independent I 106; the Felix PC personal microcomputer; the Spot 83 process computer with console; and the Saadi 1 600, a system for automated digital analysis of images.

The Institute of Scientific Research and Engineering Technology for Computer Technology is displaying equipment produced in its units in Bucharest and in other parts of the country. This equipment includes: the CE 119 personal minicomputer; the TIM-S minicomputer; the ZK-TIM personal computer; the Cobra, MS-100 and Prae-Max microcomputers; the RIM-S network of microcomputers; the PD-90 digitizer; the Magic interactive screen; the Romrack modular system in standard Eurocard, as well as representative systems from various sectors of the national economy. The offering of product-programs (software) is presented on color monitors along with the hardware necessary for implementation. The software covers a wide variety of applications, ranging from the clothing industry—the SGPT System for model design—to the EXOSAT System for processing satellite data. The Artis and Buildstar systems are intended for computer assisted design in architecture-construction, the Storm for collecting meteorological data, Focus for design of documentation systems, Dispecer for controlling both continuous and discontinuous production processes, Argus for data base management, Hercules for operational systems, Spring for process stimulation, and Cadix for assisting in design or production.

The Enterprise for Peripheral Equipment, Bucharest, is displaying magnetic tapes, the Diagram 2030 and DAF 2020 color terminals and the Junior and IGRAF systems.

Also on display from the industrial central for electronics are numerous pieces of electronic equipment for medical diagnosis, consultation and treatment. It can be said that Romanian electronics has an impressive presentation at this year's Fair, proving its capacity to restructure on a new basis, the entire concept of organization and industrial production.

In dialog with electronics, the machine tool industry is represented at this year's Bucharest International Fair by a series of tools and assemblies incorporating the most sophisticated electronic program, command and control equipment.

Among the innovators—at the forefront as always—is the Enterprise of Machine Tools, Bacau which is displaying a mock-up of the flexible SEP-01 system; transfer lines for automobile piston processing (MTU); the CEPH 630 processing center, manufactured together with Hungarian firms; and the RICS-200 grinding machine for drilling bits. Another exhibitor in the stands of the Masinexportimport Foreign Trade Enterprise is the Arad Machine Tool Enterprise, which is well-known both at home and abroad and which is displaying the CPFH 500CF2 flexible cells and the MFTF 5 1/2 flexible cells for processing drilling pipe, the CF-SP 250 CNC flexible cells, and the SP Numeric 810 T parallel lathe with an inclined frame. The Institute of Scientific Research and Engineering Technology for Machine Tools is represented with its new prestigious products, the SP 500 CNC/2/1000 parallel lathe with numerical control for outlining, and the SAS, a roboticized system for automated changing of tools.

The Enterprise for Machine Tools and Assemblies, Bucharest, is also at the Fair, exhibiting new types of SC55CNC turning and boring lathes with numerical control and the FXC500 crankshaft milling machines.

The Electrotimis Enterprise is renown for original, unconventional solutions to problems of innovation. At this year's Fair, it distinguishes itself by the quality of its displays which include: the MSU-01/m ultrasonic welding machine; the ELER 03 SEM, a processing machine utilizing electroerosion with a massive electrode and electromechanical advance; the ESP 100, the universal suspended welding machine; and the RAC, a machine for sealing wearing apparel in polyethylene.

Original technical thought is also shown in the exhibits of some of the newer machine tool enterprises. For example, the new Baia Mare enterprise is displaying, among other items, the MM630-1 A, a slotting machine with an elevation display. The Roman Mechanical Enterprise, likewise, is displaying the SC 14 CNC MS-P turning and boring lathe and the SV 2/5-2CNC vertical lathe (a mock-up), both with numerical control. The Enterprise of Heavy Machine Tools, Dorohoi, is exhibiting sheet metal processing machines (straightening machines, rolling machines and flanging presses). The Tirgu Jiu Machine Tool Enterprise is displaying the MI 1600 injection machines. The Iasi Machine Tool Enterprise is presenting specialized assemblies of high efficiency and precision for processing in the automobile industry. F.M.R. Cluj-Napoca is also displaying high precision machine tools—the RIF 125 internal and frontal grinding machines and the RPO M2 face grinding

machine. The Marghita Machine Tool Enterprise is displaying the GC400 circular grader, the GL 600 linear grading machine and the high precision FU12-1 universal milling machine.

We will continue to describe the Romanian offerings at the Bucharest International Fair 1987 in the next issue when we will turn to other industrial sectors.

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## YUGOSLAVIA

### Legal, Economic, Ideological Barriers to Small Business

28000011 Zagreb VJESNIK in Serbo-Croatian  
17 Oct 87 SEDAM DANA Supplement pp 1, 8

[Article by Zvonko Gajski: "The Cost of Tenacious Prejudices"]

[Text] A full 10 months have passed since the talk between the president of the federal government, Branko Mikulic, and our citizens abroad, when a major reform in the development of small businesses was announced—at least, it seemed so at the time. Mikulic's words committed the government and all government agencies to providing the necessary conditions for the faster development of small business as a vital prerequisite and necessity for overall economic development.

### Clear Commitments

In the meantime a lot has happened, but little of it has benefited small business. The ideological, economic, and legal barriers to its development are in some cases even greater and more rigid, and the exacerbation of the general economic and social crisis has slowed or halted the piecemeal attempts to eliminate those barriers. Before we attempt to answer the question of what stumbling blocks small business is encountering, and who is responsible for them, let us recall some realistic assessments and arguments concerning the reasons why broader public attention was focused on it at the beginning of this year.

The official estimate is that in addition to the present 567,000 employed (10.4 percent of the total number employed in Yugoslavia), small business could employ an additional 500-700 thousand during the next 5 years. The estimates of the Ljubljana Economic Institute are even more optimistic, because they speak of 1.5 million new jobs, with the realism of this assertion being proven by the fact that small businesses in the developed countries employs from 50 to 60 percent of the working population. Furthermore, it is argued that under appropriate business conditions, small business's share in Yugoslavia's social product could increase from the current 5.3 percent to 20 percent, and at the same time achieve foreign exchange earnings of 5 billion dollars annually.

It is also felt that the development of small business through production, trade, hotel, tourist, service, and other industries can make a significant contribution to improving the overall structure of the economy. The positive effects of that development would be a reduction in dependence upon imports, the involvement of private capital, better supply, increased innovation and more rapid technological development, increased production, greater economic efficiency, and the creation of healthy market competition. In short, more rapid development of small business is one of the essential conditions for solving the accumulated economic and social problems, especially in regard to productive employment and preservation of the standard of living.

All these assessments of the possibilities for small business did not just appear yesterday. They were contained in the positions of the 13th Congress of Yugoslav communists and in the country's Long-Term Economic Stabilization Program, together with the resulting tasks for all social entities. Now people are asking why these commitments are not being fulfilled, where the resistance and delays are, and what else has to be done to give small business its proper role and place. The demand for an immediate answer to this is due to the crisis that society has fallen into, precisely while trying to solve the problems to which small business offers part of the solution (unemployment, dinar and foreign exchange illiquidity, the unsatisfactory structure of the economy, etc.).

### **Ideological Blunders**

The first of the possible answers concerning the reasons for the failures in the development of small business lies in ideology. Although the LC has adopted the clear position that everything needing to be clarified with respect to small business has been ideologically clarified, people are still adhering tenaciously to ideological prejudices according to which small business is dangerous to the development of socialism. Such prejudices come from identifying small business with the private sector, while seeing only Mercedes cars, villas, and capital relationships in that private sector.

Those holding such ideas are right when they say that private capital cannot save our society, but they are simply not taking into account the fact that the demand for modernization of the economy implies precisely the development of small and medium-sized facilities (regardless of their ownership).

Experiences in the rest of the world show that in small organizations, it is possible to ensure much greater operational efficiency, more rapid adjustment to the demands of the market, and the introduction of new technological solutions, and to ensure healthy market competition. What is particularly significant for our society is that the development of small production units allows more rapid elimination of organizations operating at a loss. At the same time, they are a condition for

the survival of large production systems, because due to greater economy they can take over the parts of production that are unprofitable for the large ones, and reduce their dependence upon imports and their operating costs.

It is precisely such increased integration of small business into the system of overall social production that makes it possible to develop the processes of the socialization of labor, protect social interests, and curb possible deviations in that sector as well, thus rendering criticisms of the capitalization of social relationships pointless.

As for economic limitations on the development of small business, it should be stressed that for the most part these are the same limitations that are faced by big business—from the constant change in business conditions and inadequate economic policy measures, to the scarcity of development capital and restrictions on the operation of market laws. High inflation, foreign and domestic overindebtedness, enormous losses, etc., are equally fatal for both small and big business. In addition to these general limitations, small business is also faced with some that are specific to itself. These are primarily the monopolistic behavior of the large economic systems, and small business's unequal socioeconomic position compared to the socialized economy (to the detriment of small business, of course); another blow to faster development is the staggering prosperity of the gray economy (moonlighting), which is occurring precisely because of the failure to solve the fundamental problems for the development of small business.

### **Absurdities of Tax Policy**

Finally, inadequate legal and other regulations are also contributing to the stagnation of small business. Admittedly, a great deal was achieved through the adoption of the federal social agreement on the development of small business, which speeds up the procedure for opening small production and other units, and expands the scope of their activities. The proposed republic agreements on the development of small business may also resolve a great deal of this. In Croatia, for example, it is being proposed that the agreement ensure measures to strengthen the material base for the operation of small business, make business conditions equivalent to those in the socialized sector of the economy, and oblige the opstinas to adopt specific programs for the development of small business.

This is only solving part of the problem, however. The most essential thing is yet to come; here we are thinking primarily of tax and credit-monetary policy, including incentive measures for the investment of private capital, particularly that of Yugoslav guest workers abroad.

All the analyses claim that the existing tax policy with respect to small business is preeminently fiscal in nature, and that its developmental and social welfare components are not being taken into account. Furthermore, each opstina conducts its own tax policy, with the greatest appetites being those of the underdeveloped opstinas—i.e., precisely the ones where small business is most needed. The failure to consider the effect of small business in increasing social income, new employment, the quality of services, exports, etc., and the non-selective nature of tax policy, are resulting in absurdities. This summer in Dubrovnik, Makarska, and Split we saw the first strikes by independent businessmen because of their dissatisfaction with the tax policy, and many of them, for the same reasons, closed their stores or production shops. The disagreements and dissatisfaction with tax policy result from the fact that maximum rates for withholding from the income of small business are not specified along with the minimum ones, and that there are no tax benefits for investment in one's own development.

#### Unresolved Issues

The development of small business is also not taken into account in the formulation of credit-monetary policy. Because of credit limits and other regulations, investment in small business is prevented even when money is available for it. Currently, for example, an account at the Associated Bank of Croatia contains 4 billion dinars designated for investment in small business, but because of limits and other restrictions, that money cannot be used, even though it is losing value every day because of high inflation. On the other hand, because of inappropriate credit policy, the anticipated interest in the investment of private capital is absent, especially among our citizens abroad. With the interest rate currently at 135 percent, and with uncertain business conditions, one can hardly expect a fundamental change in that attitude.

The delegates to the LCY Action Conference in Celje next week will probably face these and similar issues in their discussion of the ideological and political tasks of communists in developing small business more rapidly. The fact that the problems are neither easy nor simple is indicated by the very fact that this conference is being convened only a few months after a broad social and political campaign for the development of small business. The answers and solutions that the conference will offer will be particularly interesting because they will come at the same time as the government's program for the country's economic stabilization.

Even though the overall economic and social environment must be considered in the development of small business, however, the success of the Action Conference will depend primarily on the extent of its courage and ability to confront those responsible for the opposition to that development. Furthermore, it will be necessary to provide answers to several other unresolved issues related to more adequate stimulation of the development

of small business, whether this involves tax and credit-monetary policy, or other systemic and legal solutions. Otherwise, we will still be left with the observation that the amount of our discussions and documents on the development of small business is much greater than the place that the same small business has in society.

9909

#### Decreased Activity in Building Industry Noted *28000013c Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 19 Oct 87 pp 23-24*

[Article by Bernard Ostojic: "Past (Political) Labor"]

[Text] Builders will come to the end of business year 1987 stubbornly arguing by all appearances that they are not the only ones responsible for their problems and that they therefore deserve special treatment. Those responsible for that special treatment will weigh the evidence and from time to time make "concessions," above all in adopting conclusions or positions which have been defined by the construction industry itself, and less frequently by adopting the enactments requested or by amending those in effect. However, neither the conclusions (positions) nor the (new) enactments will probably have an impact on the business results of the construction industry.

Estimates to the effect that its output this year, measured in the physical volume of work done, will be down about 5 percent from last year are considered excessively optimistic by most of those versed in the events concerning construction. That is, they believe that the drop in employment should have been greater toward the end of the year. In that way the recession that has lasted for several years in the construction industry, which was temporarily halted last year, would resume—and at best the rate would be that which prevailed in the period 1981-1985. It has been calculated that the annual drop in employment of construction workers was about 8.6 percent per year in that period. Which means that the volume of work this year could have been more than 40 percent less than in 1985.

#### Neither the Economy Nor Politics

The number of persons employed in the construction industry has not dropped nearly as fast as the drop in the amount of work. In the same comparison the number of construction workers is down about 12 percent. At the same time, the departure of this number of workers did not bring any relief to the construction industry at all. On the contrary. These were the most competent, highly educated, and skilled personnel, those involved in actual production, who quite often established their own companies, frequently operating on the black market, eventually turning up as competition to the firms they previously worked for. Burdened with fixed costs which are practically unchanged and in relative terms augmented, work organizations in the construction industry had to

become less competitive by the nature of things. Instead of dropping the price of construction work when there was less and less work, they were objectively forced to charge more and more for their services.

Meanwhile the investor did not have to show appreciation for that objective need on the part of the construction industry. With the price of construction work held the same or lowered, which made it possible to increase the supply—work organizations in the construction industry were forced to make up the difference to their own (higher) price at the expense of their own consumption (funds and personal incomes). Since this “source” was of altogether limited force even earlier (at the time when conditions were good on the construction market), it was only a question of time before the construction industry would demand accountability of those who shape that development. For it that would be the government either in the form of the FEC or the opstina administrations. The government, then, in defining investment (development) policy also decided on the size of the construction industry. The fact that the “investment boom” in the seventies was based largely on foreign capital and primary note issue, that is, on sources which could function over the short run (in any case limited)—cannot be the fault of the construction industry. Especially since in the abundance of money and work it was suggested to the construction people that they base their own development on the hiring of new and mainly unskilled and semiskilled workers instead of technical advancement and improvement of building technology. Adoption of those suggestions is regarded as a concession to “official policy,” which thanks precisely to this branch of the economy has achieved significant results in the area of social welfare policy, especially the creation of new jobs.

Local politics is from place to place and from time to time repaying its debt to (its own) construction workers. Not, of course, because it wants to, but because it has to. Precisely this coercion is the reason why last year's great (and vitriolic) debates about the Law on Social Price Controls, that is, on abolishing, i.e., limiting, the “sliding scale” and the attempts to establish universal rules for bidding on construction contracts—a topic which this newspaper has covered on several occasions—brought token results or none at all.

What is actually happening? Put most succinctly, the unwholesome tie-up of “local” politics and the construction industry, which acknowledges and is aware of only the need for the (construction) firm to survive—has given relevance only to the question of whether the ultimate loss to the sociopolitical community is greater if it employs its own contractor in its jurisdiction and through the “sliding scale” reimburses him a portion of the costs of unemployment, or if it meets those costs by lowering its price for the “outsider” below any minimum. The “outside” construction firm will consent to the dumping price, that is, it will even offer it, counting on making up at least a part of the difference up to the

full price through the courts—but more frequently anticipating understanding from its own sociopolitical community, which has employed a portion of its capacity.

The holders of social capital always come out of this circle—which is actually a redistribution which has nothing whatsoever to do with the real results of work—with a diminished investment capability, and the construction people come out of it with an output that inevitably pushes them toward the bottom on all lists based upon performance. In the last few years, for example, while the prices of industrial products have risen at a rate of about 50 percent and agricultural products about 45 percent, with retail products rising 48 percent, construction prices have risen only 34 percent. So far this year the income of builders has risen 89 percent when the rate of inflation was about 95 percent....

### What Can the FEC Do?

Presumably having recognized that everyone is drowning in this forest where everyone is on his own and that it is among the first to be “shot”—the construction industry has from the very beginning of the “unemployment crisis” attempted to interest the federal administration in its problem. “An analysis of the business operation of the construction industry” has on two occasions been one of the topics of the Chamber of Republics and Provinces of the SFRY Assembly, which issued an order to the FEC to concern itself with the construction sector. At the end of last September the FEC—accepting all the assertions made in the report on the “difficult” position of construction workers—issued six conclusions which obligated the competent authorities to enact practically all the regulations (or take the steps) which the construction workers were demanding. According to the report for the construction industry of the competent committee for energy and industry and of the Economic Chamber of Yugoslavia dated this August, the orders of the FEC were carried out. But the ultimate results of everything, again according to the report, have been equal to zero for all practical purposes. According to somewhat more recent (last week's) assessments of the Executive Committee of the Economic Chamber of Yugoslavia, those results were even less than zero. Why?

The first two conclusions of the FEC, which unlike the others did not have to do with work on capital investment projects abroad, stated: The measures of current economic policy should envisage all opportunities for taking the burden off the construction industry, above all the burden from taxes and contributions...in order to improve the conditions for it to carry on economic activity in 1987; and then should coordinate the performance of measures and activities in the republics, provinces, cities, and opstinas to eliminate the causes of social disorganization in housing construction...add to measures and activities to stimulate the construction of housing for the market set down in the program for construction of 30,000 housing units for the market.



Enactments of this kind (or conclusions) obviously do not touch the system which produced an overblown construction industry and which reduced the investment capability of sociopolitical communities. The demand is made, then, for changes, but within the framework of the system as it is. That demand, it seems, has rather little prospects. The authors of the report themselves, incidentally, actually state that the scheme by which the tie-up between construction and (local) politics is reproduced is stronger than any conclusions of this kind. It literally says, for example, that because of constant pressure of unemployment opstinias have not been ready to solve the problem of the oversized construction industry—especially since all other activities require a considerably larger investment per worker employed (per job) than does construction. At the same time, sociopolitical communities have very “reluctantly” given up taxes and contributions, even though they may have been collected from markedly low personal incomes. They prefer, that is to say, to obtain the necessary amount of money by the “quantitative approach”—taking it from the large number of poorly paid persons—than by creating conditions that allow a smaller number of able persons to earn high earnings, from which what they are entitled to would at least in the long run be larger.

### Realistic and Unrealistic

Essentially the same psychology (ideology?)—which ultimately defined the circumstances in which the construction sector developed at one time and in which it is now going to ruin—is the explanation of the failure of the second conclusion of the FEC.

The housing industry cannot employ the available capacities of the construction sector unless it undergoes radical reform. There can in turn be no reform at all if the representatives of that psychology hold on to the power they have in decisionmaking about the destiny of social capital and the material status which appears to follow from that. “Social disorganization” in the housing industry, whose removal is suggested by the FEC in its conclusion adopted last year, is a consequence of maintaining those powers and privileges. Stimulation for building housing units for the market, which follows from that suggestion, is also a futile business if it assumes that the market will spare some people of the effects of its operation; one of its features appears to be that it (the market) cannot exist unless it hurts or stimulates everyone equally.

The privileged tenants of socially owned housing units, for example, or those who have preferential rates have become a principal obstacle to all the numerous attempts made up to now to introduce market relations in the housing industry. Every time it has turned out and been admitted that the socially owned housing unit, because of the low price for its use, has “been heating up” demand for housing produced by the builders. It has always been possible, then, for the construction industry

to profit unjustifiably from housing and to cover the losses that have occurred on other jobs. Without consequences, of course, for its own employment.

At least two facts are equally important. First, low rents have acted as a disincentive for personal investments in the housing industry, and this has at the same time been a disincentive for market relations in this sector. It is to be expected, that is, that personal (identified) resources, by contrast with social money (no one's) cannot be spent unless all (other) possibilities are examined—which would certainly eliminate from the competition what was most expensive and would stimulate all those engaged in building housing to insist on lower prices. The builders would thereby have arguments for rejecting the demands of “official policy” which drive them to employ manpower in the manner and at the times which it decides. Second, the uneconomic rents also make available considerable resources which by the nature of things, under normal conditions, ought to go back into the housing industry. If someone has obtained an apartment at a discount price, the difference between the discount price and the real price need not always go back into that activity, but rather can be spent to purchase some other commodity (an automobile).

The housing industry, in other words, has been set up in such a way that one day it must end up without the money that has been used to maintain it on the same level. It has been placed in a system which is incapable of self-reproduction. The housing contributions of associated labor which have mainly been used for financing, are shrinking more and more in relative terms, since—and this applies to all contributions, incidentally—they certainly do not act in the direction of increasing the rate of accumulation, but the other way around. The policy of real interest rates on housing credits which was tried last year had to fall through from this point of view. That is, it had a hard time surviving in an environment when everything else was unrealistic: above all the price of new construction and the price for use of what was newly built—unless the rate of new construction was to continue to drop precipitously.

The conclusion that might be drawn and stated most briefly from these past (and present) events is that neither the construction industry as the contractor, nor the investor as the customer, nor the holder of (social) capital have been, nor have they become, principals in an economy which could be called a market economy. If there is something that needs to be changed, then it is that fact. The direct confrontation of the two sides mentioned has to be divested of intervention of the government (at whatever level) as an arbiter which today will offer its hand to one side and tomorrow to the other. Instead of that, administrative intervention should be limited to the role of an uncommitted creator of the rules of the game and still more to the role of one who punishes the failure to respect those rules.



**Shortfalls in Textile Industry Reported**  
*28000013a Belgrade EKONOMSKA POLITIKA*  
*in Serbo-Croatian 19 Oct 87 pp 15-16*

[Article by M.B.: "Shortage of Cotton or Dollars"]

[Text] The relatively favorable growth of production in the cotton yarn industry, amounting to 3.6 percent in the 1st half of 1987, was achieved primarily thanks to solid inventories of cotton taken over from the previous year. After all, over that same period imports of cotton fiber were down 29 percent from the 1st half of 1986. Reserves have in the meantime been almost completely exhausted, so that as a consequence even in July and August there was an average drop of 1.4 percent in the production of cotton yarns and fabrics. On Tuesday, notice was given by the cotton industry that plants would be totally paralyzed within no more than 20 days; that is, that the daily shutdowns in production have become the "normal" thing. What, then, are we dealing with?

The General Association of the Textile and Clothing Industry of Yugoslavia dealt with the question of the supply of cotton fiber to the textile industry during the year, which it did on several occasions and also without any tangible results. A definite position was also taken on this in the Federal Executive Council on 24 September. That is, a conclusion was adopted to the effect that all appropriate mechanisms must be set in motion without delay so as to finally eliminate the problems in the supply of basic raw materials to manufacturing capacities, among them cotton, wool, and raw cattle hides. It soon turned out, however, that the conclusions of the FEC had simply blown away in the wind. After all, the report sent on that occasion to the Federal Secretariat for Finance, the Federal Secretariat for the Market and General Economic Affairs, the National Bank of Yugoslavia, and the Association of Yugoslav Banks have so far gone unanswered. The question of financing and of performing the majority of contracts concluded concerning imports of cotton in 1987 has, then, remained open. After all of this, the commission for imports within the Business Community of Yugoslav Producers of Cotton Yarns and Fabrics also offered its view of the overall situation. It thus noted, certainly with good reason, that our government is conducting a policy toward the textile industry which is extremely illogical. So, all the laws in force, all the sublegal acts, and also certain decrees and presumably directives divide textile as an industry into two parts: primary and finishing. In that context the primary industry has been treated as a production operation of marginal importance, and has accordingly been put in the sixth place in priority for obtaining foreign exchange, instead of the entire textile industry having been viewed as a whole and mainly if not exclusively as an industry which has always had a positive exchange balance. Reference is made on the other side to the fact that the dependence on imports is excessive. In the case of cotton, for example, this is 100 percent. This is also to overlook the textile industry's obligation to fully supply the domestic market with

clothing and beyond that to take part as a very significant figure in repairing the consequences of the country's excessive debt denominated in foreign exchange.

All in all, 57,310 tons of cotton fiber were imported in 1987, or 50 percent of the total needs of manufacturing plants. Instead of specific moves, there have been a great many contacts, direct and indirect, oral and written, observations and responses to conclusions, conclusions enacted concerning previous conclusions, and all of this has gone in a circle. "Jugoexport," "Genex," "Jugotextil," and "Textil" have been mentioned as importers. These four organizations engaged in importing and exporting were involved in importing 29,535 bales of cotton from Egypt. From September 1986 to the end of August 1987, according to a report by the coordinator of the transaction, some 16 letters were exchanged. As a result of all that, notification has just arrived from Cairo to the effect that if letters of credit are not opened by 31 October, Yugoslavia will have to pay a penalty amounting to 25 percent of the total value of contracts concluded and another 7 percent for miscellaneous expenses, but the cotton cannot in any case be withdrawn. There is also a clause to the effect that Yugoslavia relinquishes the right to purchase Egyptian cotton in 1988. Something similar is also happening on the question of importing cotton from the Sudan, and there are also ripples in the negotiations with China. At the base of all this is the foreign exchange system, which in the specific case has stood as an uncrossable chasm between the textile industry's needs for raw materials on the one hand and the simultaneous absence of any possibility whatsoever of obtaining its own foreign exchange on the other. The coercion of the textile industry to meet its needs through barter, compensation deals, and other altogether uncertain arrangements is at the moment affecting mainly the primary phases of textile manufacturing, but the chain reaction will probably be felt no later than November in the grouping of ready-to-wear clothing manufacturers. Unless, of course, imports of sizable quantities of fabrics are resorted, which would be exclusively from the eastern countries, and that would put the weaving industry into an extremely acute position.

While the volume of imports of textile raw materials has been dropping steadily, there has been a very rapid increase in imports of cotton fabrics. This is actually the only item in textile imports which has constantly been increasing at an annual rate between 20 and 25 percent. The principal sources of these imports have been regular tied-in arrangements and compensation deals which both in their volume and also the number of principals have been increasing steadily. Intensification of commodity trade with China and the countries of the Far East have to a large extent resulted in imports of fabrics. And then large imports of fabrics from the USSR have replaced the complete elimination of exports of Yugoslav fabrics so that domestic clothing plants would have a full supply. This has made the financing of cotton fiber which is about to arrive from the USSR extremely

problematical. The sum involved is about 56.4 million dinars. For the moment at least no possible source of financing is in sight at all. A total of 1.6 million spindles have been installed in the Yugoslav cotton industry. The technical adequacy of the cotton grouping is rather eloquently indicated by the datum that in the total number of spindles only 47,296 are centrifugal pots and "auto karo." The impact of present-day world technology has been no more than that. This largely explains the competitiveness of Yugoslav producers of finished articles of clothing on the foreign market. After all, the situation in the woolen industry is an exact parallel of that in the cotton industry. Both with respect to the supply of basic raw materials and still more on the question of technology.

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### **Livestock Export Results for January-October Given**

*28000013b Belgrade EKONOMSKA POLITIKA  
in Serbo-Croatian 19 Oct 87 p 16*

[Article by Lj. Z.: "A Bright Spot"]

[Text] McLuhan's well-known observation about journalism (that real news is bad news) has been called into question in our country. That appears to be the thinking of Milan Njegomir, director of STOFO; he called in newspapermen to tell them news from his sector which is not bad at all. Indeed: in the first 8 months of this year exports of livestock products have brought in \$255 million. The annual export plan is \$352.8 million, which is to say that 67 percent of the annual program has been fulfilled.

This year's program is about \$100 million more ambitious than last year's. To be sure, Chernobyl occurred (broke) last year, the Italians shrank back from cooperating with us because they suspected that we had not done a good job of vaccinating our livestock, the Greeks hesitated to import spring lamb.... So, it was a lean year, but this year's exports can be compared to those in 1985: at that time exports of animal husbandry over the first 8 months amounted to \$246 million. This year they were up 4 percent, and it is a short list of articles which are 4 percent better today than 2 years ago (aside from that, exports to the convertible market rose 14 percent).

Njegomir says that the success—if it is a success—was favored by the unified organization of all Yugoslav exporters, which is not something we have previously been favored with. A firm agreement and discipline helped to get through the haggling with neighbors from Italy; the price of meat was not lowered—although the customer naturally strove diligently for it—and still exports did not fall off.

Lamb was offered to the Greeks at \$3,500 per ton. Our neighbors offered \$3,200. No one in the Yugoslav camp wavered, no one stepped out of line; the uncertainty lasted right up until Easter; a week before the holiday the Greeks said OK and they bought the lamb at \$3,500 per ton.

These transactions certainly might have ended up less gloriously, but the moral is straightforward: the negotiator's position is much better if the offer is unified and firm. (If something known to everyone in the world reaches us as a discovery a millennium later, that is neither terrible nor bad, although it is not strange either.)

Our principal trading partner is Italy (which in the first 8 months imported goods worth \$118.5 million, which is nearly half of the inflow of foreign exchange from animal husbandry).

Exports to Greece brought in \$30 million, exports to the United States \$19.5 million; and in fourth place is West Germany (\$14.9 million).

In his conversation with journalists Njegomir said that the supply of the domestic market is not threatened at all by the exports. This can be seen from the very fact that the dominant article in the exports are baby beef, lamb, and chicken, and domestic consumers are not feeling any very serious shortage. On the contrary, they do not have enough pork, and this meat is marginal in export arrangements. Njegomir believes that exports (and the very possibility of exports) are having a stimulative effect on producers, since they are offering them an occasion to earn more and are compelling them to produce meat of the highest possible quality. However, this incentive will not mean anything unless the gap between support prices and production costs is at least narrowed; the present gap—combined with the fierce rates of interest—threatens to decimate production, and there will not be enough meat for tourists, nor domestic customers, nor for export.

But that is still—fortunately—only a foreboding. Let us go back to the beginning of the article: exports have not dropped off; they have brought in the dollars that were planned; the percentage of domestic content is high in the commodity exported; the place which Yugoslav exporters have won for themselves on the world market has been preserved. Some people might say (and everyone knows) that these exports have been subsidized, but it is also known to the sparrows in the trees that our competitors are much more generous in that respect.

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